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NEW YORK TIMES
27 FEBRUARY 1981

Haig Is Given Broad Policy Power, But Less Than He Initially Sought

By HEDRICK SMITH

Special to The New York Times

WASHINGTON, Feb. 26 — The Reagan Administration has given Secretary of State Alexander M. Haig Jr. more authority than his recent predecessors but not as much as he originally wanted.

Through a spokesman, Mr. Haig said he was pleased with the organizational plans that were approved yesterday at a meeting in the office of Edwin Meese 3d, counselor to President Reagan.

James A. Baker 3d, the White House chief of staff, told reporters today that the final arrangements would put the State Department in charge of numerous interdepartmental working groups but

fewer than envisioned in a memorandum given to Mr. Meese on Inauguration Day by Mr. Haig and Richard V. Allen, the President's national security assistant.

The plans call for the creation of interdepartmental groups for foreign, defense and intelligence policy to be headed respectively by representatives of the State Department, the Defense Department and the Central Intelligence Agency.

The National Security Council, largely through Mr. Meese and Mr. Allen, has the authority to decide which issues should be handled by each interdepartmental group and thus which agency shall take the lead. This is sometimes a critical issue in the bureaucratic maneuvering over policy.

But over all, Mr. Allen has been left with less organizational responsibility and influence over policy-making than such predecessors as Zbigniew Brzezinski, under President Jimmy Carter, and Henry A. Kissinger, under President Richard M. Nixon.

This is in keeping with Mr. Reagan's campaign pledge to make the Secretary of State his principal foreign policy formulator and spokesman.

Some White House aides felt that Mr.

Haig had taken advantage of President Reagan's general approach by seeking to assert his pre-eminence over a broad range of foreign policy issues, including some that had fallen in the past under the jurisdiction of other agencies like the Treasury and Defense Departments. As one White House official said, "Haig's view initially was that everything beyond the water's edge was foreign policy."

Rather than immediately approving the initial Haig-Allen formulation, the White House asked for the views of other agencies. Mr. Haig met with Defense Secretary Caspar W. Weinberger to work out a new proposal that gave the clear lead to the Pentagon on defense policy issues and to the State Department on foreign policy matters. That proposal was eventually accepted two weeks ago and became the basis for the final organization.

Subsequently, William J. Casey, the Director of Central Intelligence, submitted his own proposal, which led to the formation of a third interdepartmental group for intelligence matters.

Some officials interpreted Mr. Haig's original concepts as seeking to move primary responsibility for managing sudden foreign crises from the White House to the State Department. Mr. Meese said today that, under the new setup, crisis management would remain under President Reagan or, in his absence, Vice President Bush.

Under President Carter, Mr. Brzezinski ran the crisis management team and used that mechanism to extend his influence over some areas of interdepartmental policy-making. For example, he called more than 20 meetings of the Special Coordination Committee, which he headed, to deal with the Persian Gulf crisis after the Soviet intervention in Afghanistan, in an effort to formulate policy for that region.

'Battles Over Turf' Expected

Some senior officials said there would eventually be "battles over turf" in the field of foreign economic policy. From the outset, Secretary Haig has signaled his intention to have the State Department play a more dominant role in this area. And the National Security Council staff has given the State Department the primary responsibility for preparing agendas for the annual economic meetings of Western leaders.

But Commerce Secretary Malcolm Baldrige intends to take the lead in trade matters through the prospective Cabinet Council on Commerce and Trade, which he is slated to head. Treasury officials have also asserted their interest in foreign economic policy.

Neither the Commerce Department nor the Treasury Department was represented at yesterday's meeting in Mr. Meese's office attended by Secretary of State Haig and his deputy, William P. Clark; Defense Secretary Weinberger and his deputy, Frank C. Carlucci; Mr. Casey, the intelligence chief; and Mr. Allen, the national security adviser.

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WASHINGTON STAR (GREEN LINE)
27 FEBRUARY 1981

Security Plan Formed By Reagan

By Jeremiah O'Leary

Washington Star Staff Writer

The Reagan administration has worked out a structure for handling international security affairs that closely resembles the system President Reagan and Counselor Edwin Meese had wanted all along.

"They reached a consensus at yesterday's meeting," a White House source revealed today. He implied that there was considerable infighting among the representatives of the State Department, Defense Department, CIA and White House staff, but that all are now agreed in the system that eventually took shape.

Those meeting in Meese's office, sources said, agreed on creation of three Senior Interdepartmental Groups: one to deal with foreign policy and chaired by Secretary of State Alexander Haig, one to deal with defense policy to be chaired by Defense Secretary Caspar Weinberger, and a third to deal with intelligence policy under CIA Director William Casey.

The White House reserved for itself the key role of deciding whether any specific problem should fall under the foreign-policy, defense or intelligence-policy control. That role of coordinating policy-making will fall to National Security Affairs Adviser Richard Allen and his superior, Meese, and through them to Reagan.

White House officials said adoption of the plan differs markedly from the proposal submitted to the White House on Inauguration Day by Haig, which would have given him

the major role in framing policy on the international level. Instead, Haig wound up sharing overlapping authority with Casey and Weinberger, subject to coordination by Allen and Meese.

Even before the election, Meese said Reagan envisioned an administration structure that would stress the role of Cabinet officials in making international policy decisions. He said the national security adviser would function as a coordinator and that Meese, serving in the Cabinet, would be the overall coordinator of Cabinet affairs.

This is basically the system on which a consensus was reached yesterday, but not without dissent and discord, sources said.

Reagan did not attend the meeting.

The administration infighting has been going on since Jan. 20 — Reagan's first day as president — when Haig submitted a 15-page memorandum to the White House. The Haig proposal made it clear that he wanted the State Department to have the central role in formulating national security policy.

Weinberger and Casey later submitted memos that differed from Haig's proposal. This prompted Meese to call the Cabinet leaders together to establish the "senior interdepartmental group" system.

The National Security Council will remain the top decision-making body under the chairmanship of the president. The three senior interdepartmental groups will act as coordinating agencies, depending on the nature of the situation, and will funnel their findings to the president by way of Allen and Meese. The National Security Council, as provided by law, will be the final arbiter for presidential decisions.

Haig will continue to be the chief foreign policy spokesman for the administration, and Allen will remain behind the scenes as a coordinator.

EYEVUE.



Nancy Reagan



President Reagan



Sharon and Gov. John D. Rockefeller



Elise and Gov. Pierre Du Pont; Gail Merrifield and Joe Papp

WWD photos
by DUSTIN PITTMAN

Rita and Gov. William Clements



Helen and Gov. William Milliken; Bella and Gov. Jay Hammond



Phyllis and Gov. John Brown Jr. (right); William Casey and daughter Bernadette (above)

WASHINGTON (FNS) — Spring came early to the White House at the Reagans' first official dinner, where the President honored his political alma mater — the governors. Two ficus trees with multicolor tulips at the base welcomed guests onto the dance floor. Earlier, the Reagans greeted guests in the Red Room, filled with red tulips.

In short, the governors of the two biggest states, Hugh Carey of New York and Jerry Brown of California, who decided to skip the show, missed a great party.

Guests dined on supreme of fresh cold salmon with sauce verte and cheese twists, broiled chateaubriand bernaise, almond croquettes, tomatoes florentine, mixed garden salad, Bel Paese cheese with fresh pineapple en surprise and petit fours for dessert. Wines included Dry Creek dry chenin blanc, Louis Martini cabernet sauvignon 1974 and Chandon extra dry Champagne.

The big topic of conversation was not Rea-

gan's economic program but the bowdlerized version of "A Chorus Line" Joe Papp put together for the group. "I missed 'T and A,'" said Kacie McCoy, referring to one of the racier songs that was dropped. "I didn't think it would be appropriate for the White House," explained producer Papp. But not all the guests agreed. "It really was a sanitized version. Especially when the one dancer said 'Oh Shoot,'" said Carolyn Deaver. "But I was intrigued to see how the dancers all succeeded in jumping between the chandeliers."

The other hot topic among the wives was the coming marriage of Prince Charles. "Everyone loves a good romance," said Sharon Rockefeller, wife of the West Virginia governor. Jean Ariyoshi,

wife of the governor of Hawaii, agreed. "I think it's marvelous," she said.

Meanwhile, governors were busy running up to chat with Nancy Reagan, who looked super in a veteran Bill Blass brown chiffon dress and a three-strand pearl necklace, pearl bracelet and pearl and diamond earrings. "We talked about them coming over to Wexford to visit but nothing definite was decided," said Texas Gov. Bill Clements, referring to his Middleburg, Va., farm, which the Reagans rented before winning the election.

Also vying for Nancy's attention was Indiana Gov. Robert Orr, who was delivering greetings from a state security guard back home. "The Reagans stayed at the governor's house last summer and one guard who went out to get Nancy Reagan some Roloids wanted me to say hello to her," Orr told the President. To which Reagan replied, "Tell him Nancy's husband also says hello."

— SUSAN WATTERS

Revlon's net climbs for 4th quarter, year

NEW YORK (FNS) — Revlon, Inc., reported Wednesday a 21 percent increase in earnings for the fourth quarter ended Dec. 3 and a 23.9 percent gain for the year.

In the quarter, the company had net income of \$54,781,000, or \$1.34 a share, compared with \$45,277,000, or \$1.28. Sales were up 26.5 percent to \$638,830,000, against \$504,951,000.

Earnings for the year reached \$192,407,000, or \$4.87 a share, compared with \$155,335,000, or \$4.39. Sales went up by 26.5 percent, totaling \$2,203,324,000, against \$1,741,763,000.

Currency losses in the fourth quarter were \$700,000, compared with a loss of \$600,000.

For the year, Revlon said foreign currency losses were about \$5,400,000, compared with losses of \$6,400,000.

Sales and earnings of Technicon Corp., acquired in a purchase last year, are included in the 1980 results after May 2, Revlon reported.

Revlon increased its domestic market share in cosmetics by one percentage point to about 20 percent, according to Michel Bergerac, chairman and chief executive officer.

Revlon's international beauty business reported strong sales increases, Bergerac said, although margin pressure was experienced in some overseas markets because of difficult economic climates.

Bloomingdale's shifts duties of two regional executives

NEW YORK — In a realignment of regional responsibilities at Bloomingdale's, Alan Kahn has been named regional vice president of the chain's Short Hills, N.J., White Plains, N.Y., and Stamford, Conn., units and Henry Gross has been named regional vice president of Philadelphia-area branches.

Kahn had been regional vice president of Bloomingdale's Short Hills and Philadelphia units since January, 1980.

Gross has been merchan-

dise vice president for misses' coats and suits, budget and moderate dresses, Saturday's Generation departments, boys' wear, men's shoes and the Pro and Ski Shops. In his new post, he will be responsible for the Jenkintown branch, a King of Prussia, Pa., unit slated for an August opening and a Willow Grove, Pa., unit planned to open in 1982.

Both Kahn and Gross will report to Arthur Fulgenitz, senior vice president for branch stores.

Reagan orders new curbs on 3 groupings of China imports

By RICHARD WIGHTMAN

WASHINGTON (FNS) — The Reagan administration has ordered fresh curbs on a range of Chinese apparel imports following a sudden and potentially disruptive surge in shipments of products not already covered by specific import quotas.

But the move was promptly assailed Wednesday as being "too little and too late" by U.S. manufacturers, who charged imports from China are skyrocketing on a broad front. They urged a far more extensive crackdown.

The order, which went into effect Tuesday, applies to men's and boys' cotton coats (category 334); women's and girls' cotton coats (category 335); and men's and boys' cotton knit shirts (category 338.)

In each of these product areas, China has become a leading U.S. supplier, with spectacular growth in shipments registered during recent months, officials reported.

As a result of the administration's directive, which is provided for under the terms of the Sino-American textile-apparel agreement, strict limitations are imposed on clearance of these three items for the next 90 days, during which time attempts will be made to negotiate mutually acceptable quota levels.

The action by the Commerce Department follows a similar crackdown ordered last fall on all types of Chinese wool sweaters. When subsequent negotiations proved fruitless, importers scrambled to get their merchandise into the country, with the result that an outright embargo on the sweaters went into effect earlier this year.

Paul O'Day, the acting undersecretary of commerce who heads the agency's textile programs, reported Wednesday the Chinese are giving "clear indications" they are ready

to return to the bargaining table.

O'Day said the U.S. government, through its embassy in Peking, has been in touch with the Chinese and talks may get under way within the next two or three weeks. O'Day also reported China is willing to discuss not only the three items now threatened by embargo, but also the wool sweater issue.

O'Day made his report at a meeting of the Importers' and Retailers' Textile Advisory Committee and his announcement provoked angry charges that the retail industry finds it "very difficult" to do business faced with the constant threat of embargoed merchandise. (One delegate noted more than 30 U.S.-imposed embargoes hampered trade last year, creating an environment of doubt and confusion in the industry.)

Meanwhile, Tuesday's order affecting Chinese exports had the immediate impact of reining shipments during the negotiating period.

In the next 90 days, imports of men's and boys' cotton coats will be limited to 45,772 dozen; imports of women's and girls' cotton coats will be limited to 64,250 dozen; while import of men's and boys' cotton shirts will be limited to 145,981 dozen.

The latest available data show total shipments in the current quota year for the three categories, respectively, were, 130,634 dozen; 183,571 dozen; and 417,086 dozen.

Under the complicated mechanism of the bilateral pact, the Chinese — failing a mutually agreed quota level — would be allowed to ship in the succeeding 12 months, respectively, 148,694 dozen; 201,956 dozen; and 482,124 dozen.

Above that level, and if a bilateral deal fails to materialize, the axe automatically falls and the embargo goes into effect.

In brief...

Carolina Underwear wins round in Tris suit

NEW YORK (FNS) — Carolina Underwear Co., manufacturer of children's sleepwear, may proceed in arbitration with Springs Mills over a contract involving Tris-treated fabric.

State Supreme Court Justice Margaret Taylor denied Springs' order to stay arbitration.

Between 1973 and 1976, Carolina bought a substantial inventory of Springs' fabric, allegedly treated with Tris. The companies had a contract with a clause stating any controversy arising from sale of goods could be settled by arbitration. Carolina charged the Tris-treated fabric breached the contract, and the company had sustained damages totaling \$485,000.

Carolina demanded arbitration in April. Springs claimed the demand was barred by a statute of limitations and that notice was not given in time. "Springs' argument that the respondent is barred because notice was not given within a reasonable time does not strengthen Springs' defense," Taylor said.

Olga is offering \$13

tender to holders

VAN NUYS, Calif. — The Olga Co., manufacturer of intimate apparel, has made a cash tender of \$13 for its 1,067,275 shares of common that are traded in the over-the-counter market.

The offer is for stockholders who owned 30 shares or less as of Feb. 18.

According to the company, the offer will begin Friday and will expire March 30, unless extended.

Simpson-Sears sees earnings off for '81

TORONTO (FNS) — Simpson-Sears, Ltd., will report a sales gain of more than 12 percent for the year ended Feb. 4, but lower earnings than those posted in fiscal 1980, John D. Taylor, president, said.

In the 52 weeks ended Jan. 30, 1980, the 50 percent-owned affiliate of Sears, Roebuck & Co.

earned a record \$67,900,000 Canadian, or 85 cents a share, on sales of \$2,620,000,000. Fiscal 1981 included 53 weeks.

Taylor did not specify how much profits fell in the latest year. But he said because of a "great" Christmas season, the full year's decline was not as severe as the first nine months when the company's earnings dropped 38 percent to \$19,100,000, or 22 cents, from \$30,700,000, or 40 cents.

Ted Bodin, Kattan buy Tropical Knitting

NEW YORK — Ted Bodin, founder of Bodin Apparel, has bought Tropical Knitting Mills of

Hialeah, Fla., along with partner Abraham Kattan.

The pair paid about \$2 million to purchase the mill from the Development Corp. of America, a Hollywood, Fla., firm. Bodin is senior vice president and Kattan is president.

Bodin, who was fired from the company which bears his name about 18 months ago, said the new company does not make apparel. He said he expects sales at Tropical Knitting Mills to reach \$20 million this year, a \$5 million increase over 1980.

Bodin is still the largest shareholder in Bodin Apparel with about 35 percent of the stock. The financially strapped company has suspended manufacturing operations while it sells its plants and equipment.

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THE WASHINGTON POST
26 February 1981

Organization Table For Foreign Policy Limits Haig's Role

By Martin Schram
and Michael Getler

Washington Post Staff Writers

After weeks of study and bureaucratic battling, top Reagan administration officials yesterday decided on a new framework for the making of international policy that gives leading roles to the secretaries of state and defense and the director of the CIA — and a key coordinating role to the president's national security affairs adviser.

The plan falls significantly short of the structure that Secretary of State Alexander M. Haig Jr. proposed in a memorandum submitted on Inauguration Day that would have given Haig a larger role in the framing of policy, administration sources said.

Instead, the structure that sources said is now officially in place provides for the White House to retain a crucial role in the coordinating of policy-making, through the office of national security affairs adviser Richard V. Allen and his White House boss, presidential counselor Edwin Meese III.

The new framework was agreed upon in a meeting yesterday in Meese's office in the West Wing of the White House. Attending were Meese, Haig, Defense Secretary Caspar W. Weinberger, CIA Director William J. Casey, Allen, Deputy Secretary of State William P. Clark and Deputy Secretary of Defense Frank C. Carlucci. President Reagan did not attend, nor was he involved in the negotiations in which the new framework was fashioned — after considerable discussion and some discord within the administration, according to informed sources.

Nevertheless, these sources stressed that the decisions reached at yesterday's meeting are not approved by the administration policy.

The new framework calls for the creation of three senior interdepartmental groups (SIGs). One will deal primarily with matters of foreign policy and will be chaired by the secretary of state. Another will deal with matters that primarily concern military and defense policy and will be chaired by the secretary of defense. A third will deal with intelligence policy and will be chaired by the CIA director.

The key decision about whether a specific problem should be treated as primarily foreign, defense or intelligence policy will be made by the president's national security affairs adviser, administration sources said. This will preserve for the White House the crucial question of control over the framing of international policy.

Haig, the most experienced of the Reagan international policy high command, touched off the intra-administration controversy Jan. 20 by submitting a 15-page memorandum to the White House in which he proposed that the State Department take the central role in the formulation of national security policy. But presidential counselor Meese and White House chief of staff James A. Baker III set Haig's proposal aside and called for further study.

Weinberger then countered with a memo of his own, seeking to increase his department's role and to trim that of Haig. And at Meese and Baker's urging, Haig and Weinberger got together and submitted a joint proposal. Meanwhile, Casey added a memo suggesting a framework that differed from the Haig-Weinberger plan by saying that some policy areas were primarily of an intelligence nature and that set the stage for yesterday's meeting.

The trio of senior interdepartmental groups essentially will replace the Cabinet-level policy review committee of the Carter administration. The Reagan plan, however, is patterned

mostly after the way the Johnson administration handled such matters.

As officials explained it, the top policy- and decision-making body will be the National Security Council, established by law and chaired by the president. The SIGs will be chaired by the No. 2 person, or deputy, in state, defense and intelligence. They will be a coordinating group, under overall control of their bosses while overseeing the work of slightly lower-level interdepartmental groups (IGs) run by assistant secretaries who will develop the policy considerations.

The other key group in the Carter White House was the special coordinating committee, used for crisis management and headed by Zbigniew Brzezinski, President Carter's national security affairs adviser.

Officials said yesterday that final decisions on how specific crises will be managed have not been made, but it is clear that all the major agencies will be involved and that management will be centered in the White House.

Interviews with a number of officials indicate that three major considerations hung over the White House deliberations on how to organize itself in the national security field. These involved how to make sure that the president received the views of all his key advisers in a balanced fashion, how to insure that the president's own views and prerogatives in foreign policy were preserved, and how best to cope with both the acknowledged talent and dominance of Haig in a still young administration.

ARTICLE A
ON PAGE

THE WASHINGTON POST
25 February 1981

The Governors' Night Out

Ronald Reagan Woos the Heads of States

By Donnie Radcliffe
and Elisabeth Bumiller

"If the bombs fell in this room," President Ronald Reagan said to America's governors at the White House last night, "it would certainly be a strain on the country." Weak laughter.

The president was playing host and earnest suitor on a stage in the East Room, and from the looks of things, he gently won over some of the governors. In the candle-lit White House the Chandon Extra Dry bubbled away.

"I don't think this changes anybody's mind on specific issues," said Gov. Bruce Babbitt of Arizona, a Democrat, "but it's awfully important in the long run. I think it will pay back some dividends to the president."

But from a Republican, Virginia's John N. Dalton: "The resolution we passed backing his program had only two dissents, which represents the strength of the feelings by the governors that he's on the right track."

The black-tie dinner was the flattering windup to a two-day courtship organized for the governors by the president and his advisers. "Between us," the president had said earlier during his toast, "we are going to see America solve its problems and have the cooperation between you — the chief executives of the states — and the federal government that was created by the states."

* * * *

Guests of President and Mrs. Reagan at last night's White House dinner:

Gov. Lamar Alexander (R-Tenn.) and Mrs. Alexander
Gov. George Ariyoshi (D-Hawaii) and Mrs. Ariyoshi
Gov. Victor Atiyeh (R-Ore.) and Mrs. Atiyeh
Gov. Bruce Babbitt (D-Ariz.) and Mrs. Babbitt
James A. Baker III, chief of staff, and Mrs. Baker
Secretary of Commerce Malcolm Baldrige and Mrs. Baldrige
Gov. Christopher Bond (R-Mo.) and Mrs. Bond
Gov. Joseph E. Brennan (D-Maine)
Gov. John Y. Brown (D-Ky.) and Mrs. Brown
Gov. George Busbee (D-Ga.) and Mrs. Busbee
Vice President and Mrs. Bush
Gov. Brendan T. Byrne (D-N.J.) and Mrs. Byrne
Joseph W. Canzeri, deputy assistant to the president
Gov. John W. Carlin (D-Kan.)
William J. Casey, director of Central Intelligence
Gov. William P. Clements Jr. (R-Tex.) and Mrs. Clements
Gov. John N. Dalton (R-Va.) and Mrs. Dalton
Michael K. Deaver, deputy chief of staff, and Mrs. Deaver
Gov. Lee S. Dreyfus (R-Wis.) and Mrs. Dreyfus
Gov. Pierre S. duPont IV (R-Del.) and Mrs. duPont
Secretary of Energy James Edwards and Mrs. Edwards
Gov. John V. Evans (D-Idaho) and Mrs. Evans
Stephen B. Farber, executive director, National Governors' Association, and Mrs. Farber
Gov. Hugh Gallen (D-N.H.) and Mrs. Gallen
Gov. J. Joseph Garrahy (D-R.I.) and Mrs. Garrahy
Gov. Jay S. Hammond (R-Alaska) and Mrs. Hammond
Gov. Harry R. Hughes (D-Md.) and Mrs. Hughes
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Gov. Richard D. Lamm (D-Colo.) and Mrs. Lamm
Gov. Robert F. List (R-Nev.) and Mrs. List
Gov. Juan F. Luis (I-V.I.)
Gov. Scott M. Matheson (D-Utah) and Mrs. Matheson
Peter McCoy, deputy assistant to the president and director of staff for the first lady, and Mrs. McCoy
Edwin Meese III, counselor to the president, and Mrs. Meese
Gov. William G. Milliken (R-Mich.) and Mrs. Milliken
Gov. George Nigh (D-Okla.) and Mrs. Nigh
Gov. Allen Olson (R-N.D.) and Mrs. Olson
Gov. William O'Neill (D-Conn.) and Mrs. O'Neill
Gov. Robert D. Orr (R-Ind.) and Mrs. Orr
Joseph Papp, producer, and Mrs. Papp
Gov. Albert Qule (R-Minn.) and Mrs. Qule
Gov. Robert D. Ray (R-Iowa) and Mrs. Ray
Secretary of the Treasury Donald Regan and Mrs. Regan
Gov. Richard W. Riley (D-S.C.) and Mrs. Riley
Gov. John D. Rockefeller IV (D-W.Va.) and Mrs. Rockefeller
Edward J. Roilins, deputy assistant to the president for political affairs
Gov. Carlos Romero-Barcelo (Puerto Rico) and Mrs. Romero-Barcelo
Gov. Ted Schwinden (D-Mont.)
Gov. Richard A. Snelling (R-Vt.) and Mrs. Snelling
Gov. John Spellman (R-Wash.) and Mrs. Spellman
Gov. James R. Thompson (R-Ill.) and Mrs. Thompson
Gov. Charles Thone (R-Neb.) and Mrs. Thone
Gov. Richard L. Thornburgh (R-Pa.) and Mrs. Thornburgh
Gov. David C. Treen (R-La.) and Mrs. Treen
Gov. Frank D. White (R-Ark.) and Mrs. White
Richard S. Williamson, assistant to the president for intergovernmental affairs
Gov. William Winter (D-Miss.) and Mrs. Winter

THE DETROIT NEWS
24 February 1981

Casey and the CIA

By JOHN P. ROCHE

William Casey, President Reagan's director of Central Intelligence, is an extremely talented professional with a track record that includes OSS work in World War II, top-echelon status in the State Department, and directorship of the Export-Import Bank. He is going to need all his smarts to cope with the sad-sack operation we call the "intelligence community."

Once labeled a "rogue elephant," the CIA now resembles a fearful cocker spaniel.



Roche

To say this is not to call for a purge — morale at Langley is bad enough already and most of the staff are competent. The basic problem is that the CIA must revert to the professionalism that characterized its early years, and not become a shill for the views of the president.

I SPEAK HERE with some bitterness. During the period 1966-68 when I was convinced, like the Hanoi leadership, that we were going to lose the war in the United States, not in Vietnam, there was a special CIA unit charged with stroking President Johnson. Every time I would send LBJ a memo opposing the Americanization of the war and urging what later became "Vietnamization," some spook would turn up with captured secret documents proving Ho Chi Minh was looking for a white flag.

This process of manicuring and suppressing information became far worse once President Nixon and Prince Henry the Navigator decided the Cold War, or "era of confrontation," was over and now the lion and

the lamb could share a double bed with no risks. Then came President Ford, still with Henry as the "Great Helmsman," clinking glasses at Helsinki and initialing some gnomish document at Vladivostok.

The Nixon and Ford administrations, thus, put themselves in psychological hock to the Soviets: If Moscow violated the 1972 agreement to work jointly for peace in the world by urging in its Arabic radio broadcasts the elimination of Israel in the Yom Kippur War of 1973, Mr. Nixon and Kissinger, in effect, said "boys will be boys."

If the Soviet military played fast and loose with the SALT I agreement, it was obvious we had to move to SALT II. This was equivalent to urging that if you lose a small pot with a marked deck, the answer is to raise the ante.

To be specific, I have reliable information from foreign sources that the USSR has on numerous occasions violated the 150-kiloton threshold for underground nuclear tests. A few times these have hit the press, notably when they overdid one a bit last year and reached about 275 kilotons, but the United States has ducked formal protests.

Maybe someone stuck a plain, brown envelope in Ambassador Dobrynin's mailbox at midnight, but to make a public fuss would be to announce we had been taken. Similarly, under SALT arrangements, no ICBM is to be equipped with more than 10 MIRVs (multiple independent-re-entry vehicles), but reliable sources suggest the Soviet giant SS-18 had been tested with more than 20.

One more item of technical intelligence: Suddenly, on Jan. 9, we learned from the press that the Soviets have launched a giant sub, the

"Oscar," equipped with cruise missiles. It is twice the size of our biggest attack sub and is designed to make life extremely difficult for our carriers.

Speaking of carriers, there was also a small item that the 45,000-ton Soviet carrier Kiev, now in the Mediterranean, appears to be returning to its base in the Black Sea. Under the Montreux Convention, which governs passage through the Dardanelles, carriers are banned, but our Turkish allies have baptized the Kiev, and other carriers in its class, "cruisers" and let them through.

All the items so far reported were known to the intelligence community, but for political reasons the Nixon, Ford, and Carter administrations put them in the deep freeze. The director of Central Intelligence can hardly hold a weekly "leak session" with the press to discuss the administration's behavior, but he should be prepared to tell his boss, the president, that if this practice doesn't stop, he will resign. We get enough disinformation from the USSR. Keep the CIA out of that industry.

ON A DIFFERENT level, Casey must move to upgrade our "humint" assets, that is, human as distinct from electronic. It is hardly a state secret that the Iranian fire storm caught us by surprise, although *Mosad*, the Israeli CIA, had warned us and Iranian Jews, in 1973, that the roof was coming down. A lot of Iranian Jews got out a couple of years before we held our recent hostage festivities.

All in all, a major assignment, but Casey should be up to it: He should be the first top figure at CIA since Walter Bedell Smith capable of telling the president he's out of his tree.

2
 ON PAGE 3

CHRISTIAN SCIENCE MONITOR
 18 February 1981

How Reagan's six-unit Cabinet works on issues

Debate groups would begin
 functioning in coming weeks

By Godfrey Sperling Jr.

Staff correspondent of
 The Christian Science Monitor

Washington
 Cabinet government, Reagan style, is
 beginning to take final shape.

First and foremost in the present Reagan
 blueprint is to bring Cabinet members
 together in six separate groups to discuss,
 debate, and make recommendations in sub-
 ject areas that pertain to each.

The idea, the White House says, stems
 from the Ford administration, when an eco-
 nomic policy group within the Cabinet proved
 most effective in the governing process.

This subject-matter approach divides the
 Cabinet into six councils:

- Natural resources and the environment.
- Food and agriculture.
- Commerce and trade.
- Human resources.
- The National Security Council (already
 established by law).
- Economic affairs.

The plan still needs the approval of the
 various Cabinet members — but the White
 House expects it to be implemented, perhaps
 with one or two more groups added, within a
 couple of weeks.

The proposal is being billed as an "alterna-
 tive" to an earlier Reagan idea of following
 his California approach to government in
 which he met daily with a small, select group
 of top-level appointees.

That idea, floated by the Reagan people
 during the transition, soon ran into obstacles,
 particularly from incoming Chief of Staff
 James Baker. Mr. Baker said he thought such
 a "supercabinet" would irritate those in the
 Cabinet who were not included.

But some White House "insiders" say
 Reagan still will have a handful of Cabinet
 members that he meets with on a day-to-day
 basis — simply because this is the way he
 likes to work. Those seen as most likely to be

included in this inner circle are Secretary of
 State Alexander M. Haig Jr., Secretary of
 Defense Caspar W. Weinberger, Secretary of
 Treasury Donald T. Regan, Attorney General
 William French Smith, and CIA Director
 William J. Casey.

"There will be a supercabinet without that
 name being applied to it," one administration
 source says. He says it would "emerge," that
 it would not be "structured."

Longtime observers of the presidency are
 dubious that Reagan will be able to make
 cabinet government truly work — at least for
 very long.

Other presidents have structured their ad-
 ministrations in ways to try to ensure that
 their Cabinet members not only had frequent
 access to the Oval Office but also were the
 ones to be relied on principally for the recom-
 mendations that were turned into presidential
 initiatives or programs.

But before long top aides in the White
 House, because of their location right at the
 elbow of the President, became the chief
 advisers.

But Reagan insists he is going to use his
 Cabinet as the principal instrument of gov-
 ernment — not his White House team.

Already he has shown that he means to
 carry out this commitment to Cabinet su-
 premacy by making his foreign affairs ad-
 viser in the White House solely a
 "coordinator" on policymaking. Secretary of
 State Haig has been given assurance that he
 alone will be the shaper of foreign policy.
 Thus there will be no Zbigniew Brzezinski in
 the Reagan White House vying with the secre-
 tary of state as the former national security
 adviser did in the Carter administration.

PROVO HERALD (UT)
17 February 1981

The Herald Comments

An Effective Intelligence Operation's Imperative

In this era of global tensions, divided loyalties and increasing military vulnerability, an effective intelligence operation is vital to America's foreign policies and defense strategies.

This has been emphasized from two directions in Washington recently.

William J. Casey, new director of the Central Intelligence Agency (CIA) was quoted by Washington Report, publication of the United States Chamber of Commerce, as appealing for "both public support and the full cooperation of Congress."

And Rep. Eldon Rudd, R-Ariz. reintroduced in the 97th Congress an "Intelligence Agents Protection Act" to protect the identities of those who serve in sensitive intelligence positions.

The CIA, established to gather intelligence information abroad and report to the President and his National Security Council, was created in 1947, replacing the wartime Office of Strategic Services (1942-45).

"Our foreign policies and defense strategies can never be better for longer than our intelligence capabilities," said Casey. His remarks were excerpted by Washington

Report from the new CIA chief's statement to the Senate Select Committee on Intelligence at the recent confirmation for him.

Apparently alluding to hearings in the mid-70s on alleged CIA shortcomings, Casey said that while intelligence agents cannot receive public recognition for particular tasks well done, they rightfully expect the support of the government they serve.

"All too often, their 'failures' are widely publicized, but their successes, by their very nature, are hidden."

Generally there is poor public perception and understanding of the value of the American intelligence community to the security of the Free World, Casey stated. The CIA in particular, he said, suffers from self-doubt and this needs to be changed.

The hearings in the 70s grew out of criticism of the CIA, mostly for involvements in the Cuba invasion fiasco, a military operation in Laos, Chilean internal affairs, and the Pentagon Papers case.

Rudd, in a statement in the Congressional Record, said U.S. intelligence-gathering capability has been "increasingly threatened" by disclosure of the identities of undercover agents by "anti-intelligence" publications.

Shortly after a disclosure in Greece, Richard S. Welch, station Chief for CIA in Athens, was assassinated. In another example cited by Rudd, the published identification in 1980 of 15 CIA agents in Jamaica was followed by a machinegun attack on the home of the agency chief.

The "Intelligence Agents Protection Act" would prohibit disclosure of information identifying an agent to an unauthorized person, with extremely stringent penalties for violation.

Casey is right when he says we need to build public trust and confidence

ARTICLE APPEARED
ON PAGE 48

WILMINGTON EVENING NEWS
16 February 1981

Ralph S. Moyed

Is the blast back in CIA's cigars?

IT MAY BE YEARS before we know for sure, but it now seems a good bet that the Central Intelligence Agency soon will be designing new and more powerful cigars.

The new CIA director, William J. Casey, already has served notice he wouldn't hesitate to use his operatives to interfere in foreign governments if "it is in the highest interests of the United States." His testimony at his confirmation hearings convinced some senators he wouldn't be eager to let the oversight committee know what his boys were up to.

Casey is the perfect man to get the CIA back into the business of assassinating heads of unfriendly regimes with exploding cigars, and keep his mouth shut. In World War II, Casey ran some clandestine operations for the OSS in Europe, and since has proven himself capable of keeping the truth to himself.

When Casey was nominated for the Securities and Exchange Commission 10 years ago, some of his testimony before a Senate committee was labeled untrue by a judge. A Wilmington lawyer once accused him of unethical behavior in business dealings involving two du Pont brothers. And after Watergate, Casey admitted he hadn't told the whole truth to a committee looking into whether the Nixon administration had done favors for International Telephone & Telegraph Co.

So if Pierre Trudeau lights up some day and disappears in a puff of smoke, don't expect CIA Director Casey to go around talking about it.

Judging by what Casey has said and done, his research and development people already are busy designing small tactical stogies.

While the administration is cutting waste elsewhere, we can look forward to a burst of activity by the CIA's technical services section.

That's the outfit that gave us exploding cigars, olive-in-the-martini transmitters and Acousti-Kitty. The last was the live cat that was stuffed with listening devices and trained to snoop on enemy spies in parks. Acousti-Kitty was more interested in snooping in sandboxes and garbage cans than at the feet of enemy agents. He was cashiered from the service.

Now Acousti-Kitty could have a second chance, along with scores of other wonderful and costly devices that were put on the shelf while senators and other busybodies ranted about the civil rights of Americans and outlaw activities of the CIA.

It wouldn't require much encouragement for the technical services folks to take the dust off the Javelin, their clever device for monitoring missile launching sites in the far reaches of the Peoples Republic of China.

By the late '60s, the agency already was conducting tests on the Javelin at a remote site in the United States. It consisted of a sensitive listening device mounted on a rocket that would be fired into the Chinese desert from an SR71, the big black spy plane that operates at an altitude of 100,000 feet.

The rocket would imbed itself in the earth. Antennae would unfold above ground level to pick up and transmit the sounds from the nearby missile site.

There were two problems. One was that in every test, the rocket would burrow so far into the ground that the antennae also would be buried. The other problem was posed by a CIA official who was regarded within the agency as a nervous nelly.

When he found out what the project was all about, he asked, "What do you think Peking would do when they spotted an American plane flying three times the speed of sound at 100,000 feet and firing a rocket in the vicinity of one of their missile sites? We'd have World War III before the damn thing had a chance to bury itself in the desert."

The project was shelved.

AS OFTEN AS NOT, the ideas came from clandestine operations people in the agency rather than from the technical services section.

Once, one of the snoops asked the engineers to design an airplane that could be packed into a pair of suitcases. It was needed for spying within the Soviet Union. The engineers scotched that one themselves when they asked how the agents proposed to get the two large suitcases through Soviet customs.

Several times, the engineers were asked to develop a small flying machine that would flap its wings and be mistaken for a bird. This job was not as tough as it seemed. There was an early test flight conducted by Icarus, and the engineers could use plans drawn by Leonardo da Vinci. My CIA source didn't say how far the engineers went, but he doesn't believe the bird ever flew.

About once a week, at Wednesday morning staff meetings, the snoops would propose another wild device to the technical services people. The man who conducted the meeting was amazed at their imagination — until he stayed home one Tuesday night and tuned in to "Mission: Impossible."

PERISCOPE

Soviet Nuclear Facilities in Vietnam?

Truong Nhu Tang, a high-ranking Vietnamese defector now in Paris, says the Soviet Union is building piers and other facilities to service nuclear submarines at a former U.S. supply base in Vietnam. Tang is a former justice minister in Vietnam's Communist regime. Pentagon sources maintain there is no evidence to support his story, but foreign intelligence agents say they have been told that U.S. satellite photos have confirmed Tang's report of nuclear construction at Cam Ranh Bay. Such an installation would facilitate a Soviet presence in the Indian Ocean.

The Battle for the GSA Job

Nevada Sen. Paul Laxalt and CIA director William Casey have used their clout in the Reagan Administration to reward Gerald P. Carmen, the New Hampshire Republican leader who engineered Ronald Reagan's primary victory in the Granite State a year ago. Top White House aides battled for their own candidate to head the scandal-plagued General Services Administration, but Laxalt and Casey have apparently prevailed in their backing of Carmen—even though the last business he ran was an auto-supply store in Manchester, N.H.

ARTICLE APPEARED
ON PAGE 37

NEWSWEEK
16 February 1981

NATIONAL AFFAIRS

The CIA's New Super-Spy

It is only 20 miles from Central Intelligence Agency headquarters on the Potomac River in Langley, Va., to National Security Agency headquarters at Fort Meade, Md. But at times the two seem light years apart—institutional rivals for prestige, power and money in the top-secret world of espionage. The CIA is far better known, but the NSA, the code-breaking arm of the Pentagon, is an elite group that frequently has more clout inside government. The institutional rivalry is such that at Fort Meade the CIA is referred to as "TBAR," shorthand for "those bastards across the river." Now, in a widely praised bureaucratic shuffle, NSA boss Bobby Ray Inman is moving across the river to become the No. 2 man at the CIA.

Inman, 49, a superstar in the intelligence community, will team up with CIA boss William J. Casey, 67, in an effort to restore power and morale to an agency that has suffered from scandal and budget cuts in recent years. Casey, who was Ronald Reagan's campaign manager, will be Mr. Outside, guaranteed a sympathetic ear at the White House not only from President Reagan and Vice President Bush (a former CIA director) but from top aides Ed Meese, Jim Baker and Michael Deaver, all of whom worked for Casey during the campaign. Inman, who knows the intelligence bureaucracy fluently, will be Mr. Inside, running the CIA's daily operations. The two men are likely to play complementary roles in other ways, too. Casey will give special attention to "human intelligence," drawing on his own experience as an OSS spy during World War II. Inman will concentrate on streamlining the agency's bureaucracy and maintaining cordial relations with Congress.

Persuasive: Inman may well turn out to be a key player in rebuilding the CIA, which has gone through five directors in eight years. A Texan from the small town of Rhonesboro, 90 miles from Dallas, he has spent 28 years in the Navy, rising to admiral—a rare accomplishment for someone who did not attend Annapolis. As NSA director, he was a tough-minded administrator who dealt expertly with the NSA's vast technical operation, thrived in the spotlight of Congressional oversight,

boss Stansfield Turner tried to wrest control of NSA from the Pentagon. When Defense Secretary Harold Brown learned of a lunch between Turner and Attorney General Griffin Bell to discuss the plan, Brown dispatched Inman in a helicopter to pick up Bell and give him a whirlwind tour of NSA. No one was more surprised than Turner when Bell showed up for the lunch at the CIA helipad freshly persuaded by Inman to leave things as they were. "He's a very



Larry Downing—NEWSWEEK

Inman: Crossing the river

persuasive man," says Bell.

At first, Inman was not eager to join the CIA; with two sons to put through college, he planned to seek a high-paying corporate job. But Casey promised him a fourth star (making him one of the youngest full admirals in history) and even arranged a personal plea from the President himself. Inman agreed to sign up, and at his Senate confirmation hearings last week, he won high praise. "If ever there was unanimous consent and enthusiasm, this is it," gushed Sen. Richard Lugar.

Like Casey, who reassured jittery CIA employees last week that there would not be a major restructuring, Inman worries most about the shortage of experienced analysts and agents at the CIA. Despite the Federal hiring freeze, Inman

...appointment book looks like the ideal for the OSS veterans association," says one associate.

Tinkering: Casey and Inman also need to upgrade the CIA's ability to evaluate information. The agency has consistently underestimated Soviet strength and has sometimes failed to give early warning on such major political upheavals as the Iranian revolution. Casey will make greater use of university consultants as analysts. Also on the agenda: beefing up the CIA's counterintelligence unit, asking Congress for some relief from the Freedom of Information Act and for a ban on publishing the names of undercover agents. Much of this is tinkering, but the CIA will certainly benefit from an increased budget, from having so many friends in high places—and above all from the administrative abilities of an old spy and the young admiral he recruited from across the river.

MICHAEL REESE with DAVID C. MARTIN
in Washington

LOS ANGELES TIMES
15 February 1981

ON PAGE 9. (PART 2)

The Once and Future CIA America's Most Interest

By DAVID WISE

WASHINGTON—If the capital can be compared to a three-ring circus, if a great deal is going on all at once, it is also true that, sometimes, more can be learned by watching the sideshows than the center ring. The future of American intelligence activities under President Ronald Reagan is a case in point.

When a friendly Senate Select Committee on Intelligence held its hearing in January on the President's nomination of his former campaign manager, William J. Casey, to be director of Central Intelligence, the television lights bathed the ornate Senate caucus room in a white glare and the reporters and photographers almost outnumbered the spectators.

A much more modest turnout greeted Navy Vice Adm. Bobby Ray Inman, director of the super-secret National Security Agency, the nation's code-breaking arm, when he appeared quietly before the same committee on Feb. 3 as Reagan's choice for deputy director of the CIA. Unnoticed by most observers, Inman let an interesting cat out of the bag.

While being questioned by Sen. Daniel K. Inouye (D-Hawaii), Inman explained that Casey expected him as deputy to improve the quality of U.S. intelligence and the agency's estimative functions—its ability to predict future events. Inman added: "He (Casey) will concentrate to a substantial degree on the covert operations, clandestine collection sides of the business."

Those are the sides of the intelligence business, of course, that Casey learned during his World War II experience with the Office of Strategic Services (OSS). As chief of secret intelligence for OSS in Europe, Casey infiltrated agents, some by parachute, into Nazi Germany to report on targets for air attack.

That Casey would wish to concentrate on the CIA's covert operations and clandestine collection is thus not wholly surprising, but Inman's comment is nevertheless an intriguing straw in the wind. It suggests that, under the Reagan Administration, the CIA may well increase the scope and number of its covert operations.

Certainly the climate is right. Casey and Inman have taken over the helm of the CIA under a President who is firmly committed to a stronger military and intelligence establishment. For the first time in the nation's history, a former CIA director, George Bush, is vice president. And, with the Republicans in control of the Senate, the CIA now has a good friend, conservative Sen. Barry Goldwater (R-Ariz.), as chairman of the Senate committee overseeing the agency.

There is an important structural change as well. The CIA has succeeded in abolishing the Hughes-Ryan Amendment, which had required it to report on covert operations to eight committees of Congress. Under the new law, the CIA need only report to two congressional panels, the Intelligence committees of the Senate and the House. During the mid-1970s, Congress investigated and revealed widespread abuses by the CIA, the FBI and other intelligence agencies—drug testing, mail opening, cable reading, domestic spying, Cointelpro

ping, bugging, a that the CIA had senate Fidel Cas world leaders. I lengthy proposel were introduced i

The intelligen which would hav their powers, an publicity, Presid that was left of t Oversight Act of

the two intelligence committees prior notice of "significant" covert operations—but allows him to explain later if he chooses not to comply. The law does require the President and the CIA to furnish "any information" on intelligence demanded by the committees, but it is a far cry from the massive "charter" legislation once envisioned.

William E. Colby, a former director of the CIA, says that covert activities—both political and paramilitary action—now account for only 3% or 4% of the CIA's budget, compared with 50% in the 1950s and 1960s. "I hope it will increase," he said, "because I think there are areas of the world where a little covert action can forestall much more serious problems later." Covert action,

Colby maintains, can "avoid a situation of seeing a place descend into chaos or, alternatively, being tempted to send in the Marines."

Casey answered cautiously when the senators asked about covert operations at his confirmation hearing. Rigging elections, intervening in the internal affairs of another nation, he replied, "that kind of thing you only do in the highest interest of the country."

Just how far will the CIA be unleashed? "No one can predict whether the new oversight system is going to work," said Jerry J. Berman, legislative counsel to the American Civil Liberties Union, one of the groups that fought and lost the battle for charter legislation. "You have Goldwater who has said there are secrets he'd rather not know—he wishes he knew less. On the House side, the Intelligence Committee is more conservative and less balanced."

It is also clear that one of Goldwater's top priorities will be passage of a bill to protect the identities of intelligence agents. Such legislation failed to pass last year, but an identities bill was reintroduced on Feb. 3 by Sen. John H. Chafee, a moderate Republican from Rhode Island, and four bills have been introduced in the House.

Pressure for such legislation has mounted as a result of several factors: the exposure of the names of dozens of agents in the book by Philip Agee, a former CIA officer, and the assassination in 1975 of Richard Welch, the agency station chief in Athens, who had several months earlier been identified as a CIA man by the magazine CounterSpy. More recently, in July, 1980, gunmen attacked the Jamaica home of N. Richard Kinsman, who the CIA station

Despite Some Aberrations

Reagan Presidency

Asserting Rightward Course

The Ronald Reagan show, despite some accommodations and legitimate conservative beefs, is still something of a joy to behold in these first few weeks. Every day seems to bring forth a fresh and sparkling surprise. There's the retroactive hiring freeze, the immediate deregulation of oil and the well-deserved sacking of our pro-radical ambassador to El Salvador, Robert White (a vindication of Sen. Jesse Helms, by the way, who led the fight against his confirmation).

Major tax and spending slashes, judging by the President's TV address, are still in the offing, while the defense budget is scheduled to boom. Even the grain embargo—the first test as to whether the President would put his pledge to the farmer over his duty to stand up to the Soviets—is going to be retained.

Each dawn conservatives wake up and rub their eyes in disbelief as the good news pops up on the pages of their newspaper. The *Washington Post* and the *New York Times*, those twin pillars of the Liberal Establishment, are actually forced to fill their pages—if they want to discuss the Reagan Administration at all—with choice little tidbits that make our pulse quicken with pleasure.

Even many of those Cabinet appointments we were worrying about are performing better than expected. Defense Secretary Caspar Weinberger talked last week of increasing our presence in the Indian Ocean, putting "additional carrier task forces" in other parts of the world (a view that undoubtedly pleases our new hardline Navy secretary, John Lehman), and building the weapon the Soviets thought they had buried, the neutron bomb.

Secretary of Education Terrel Bell, who helped create the department and lovingly embraced bilingual education, seems to be developing into something of a turncoat so far as the National Education Association crowd is concerned. He now says he's going to help dismantle the education agency and set off hallelujahs throughout the country when he terminated those mandatory bilingual regulations.

Conservatives were rightfully alarmed when Donald Regan, who cast his company's PAC fortune before liberal Democrats, wound up as Treasury secretary, but Regan looks as if he has been co-opted by the tax-cut advocates. Two of the nation's key supply-side architects, Norman Ture and Paul Craig Roberts, have wound up in top Treasury posts. "Treasury looks as if Jack Kemp filled the slots," says one onlooker, and, in a way, he did, since so many of those working for Regan—including Roberts and Ture—were recommended by Kemp and actually developed the Kemp-Roth legislation.

Other Cabinet and Cabinet-level members, such as Richard Schweiker of Health and Human Services (he's reaching out to the Moral Majority), David Stockman of OMB, James Watt of Interior (he's still enraging the environmental extremists) and William Casey of the CIA are all saying and doing things that are pleasing to fans of the President.

EXCERPTED

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Nouveau souffle pour la C.I.A.

Paris Le Figaro 13 Jan 81 p. 26

L'arrivée d'un « pro » à la tête de la C.I.A. fait sourire d'aise les spécialistes. William J. Casey, soixante-sept ans, fit ses preuves à l'O.S.S. (Office of Strategic Services), l'ancêtre de la C.I.A., il y a près de quarante ans. Mais les membres des services de renseignements américains sont persuadés que l'homme choisi par Ronald Reagan n'a oublié ni les trucs du métier, ni le fait qu'on pouvait s'y salir les mains. Il était temps, disent-ils. Car la vulnérabilité militaire américaine, dans les premières années de cette décennie, rend encore plus vital le rassemblement de renseignements.

LOS ANGELES : Catherine DELAPRÉE

L'ingéniosité technologique fait l'orgueil des États-Unis. Les Soviétiques, par exemple, connaissaient l'heure de passage du satellite espion américain « KH9 » et camouflaient en conséquence leur base de missiles d'Ouzbekistan. Ce qu'ils ignoraient — jusqu'à ce qu'un ancien employé de la C.I.A., William Kampiles, leur vendit ce renseignement pour trois mille dollars — c'est que, quelques heures plus tard, un autre satellite indétectable, le

« KH11 » survolait cette base. L'Amérique découvrit ainsi que l'Union soviétique mettait au point un véhicule analogue à sa navette spatiale.

La suprématie technologique américaine est contrebalancée par de dangereuses déficiences : espions pas assez nombreux, faiblesses dans l'analyse des données et la protection du secret des opérations. Des exemples :

- A cause de fuites, les sources potentielles sérieuses de renseignements se sont taries. Les gens ont peur de retrouver leurs noms dans les journaux.

- Les récentes purges exercées par souci d'économie (500 millions de dollars) et au nom de la moralité cartésienne par le chef actuel de la C.I.A., l'amiral Stanfield Turner, ont privé l'agence de centaines d'employés experts en langues et politique étrangères. Au moment de la chute du Chah, la C.I.A. n'avait plus un seul employé parlant persan. Une grande majorité des agents locaux au Proche-Orient et en Asie du Sud-Ouest sont d'anciens employés réengagés temporairement.

- Les services secrets français, allemand et britannique qui fournissaient les informations sur ce qui se passe en Afrique et en Amérique latine ont limité leur coopération depuis les révélations faites par la presse et le Congrès américains sur les abus de leurs collègues américains...

- La qualité de l'analyse des renseignements est inégale. Si les analystes de la C.I.A. ont

pu, par exemple, prévoir le déclin de la production pétrolière soviétique, ils avaient été pris de court par l'invasion de l'Afghanistan.

- La capacité de la C.I.A. de mener des actions clandestines a été quasiment paralysée. Le raid de Tabas pour libérer les otages aurait eu plus de chance de réussite s'il avait été confié à la C.I.A. estimant plusieurs experts.

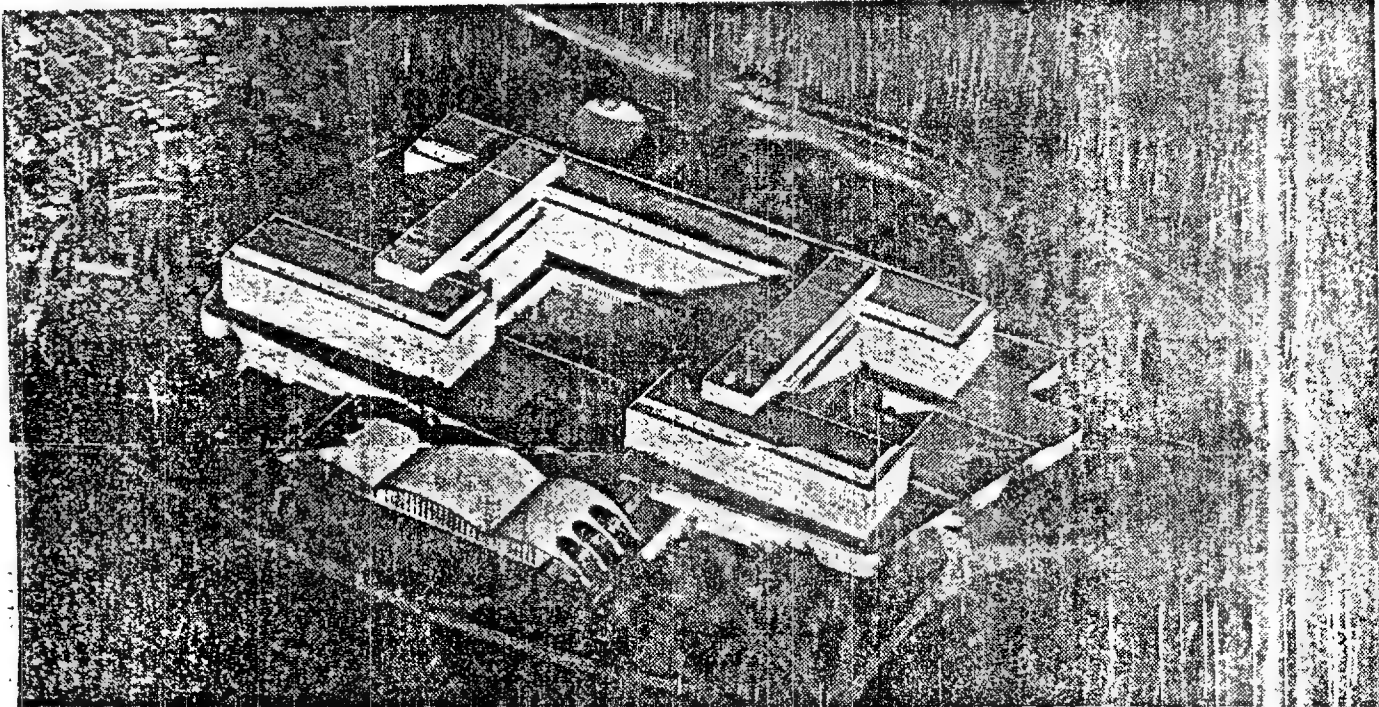
2.000 licenciements

L'amiral Turner, en parade de promotion de Carter à l'école navale d'Annapolis, débute la plus délicate des missions : le licenciement de 2.000 employés de la C.I.A. en trois ans. Le moral de l'agence se ressent de la considérable morosité aggravée par les coupures de budget faites par le K.G.B. et d'anciens agents comme Philip Agre. Après la

publication par le nom d'agents à l'étranger, un d'assassiné, d'autres rapatriés aux États-Unis.

Enfin, par souci le chef de la C.I.A. surveillance technique, naissance photo, code, interception l'Union soviétique ment du reste. Conséquence : les ne savent plus qui se passe en traie ou dans le. De toute façon, de renseignements d'argent pour r données, ils en payer leurs a grand coupable qui tient les c bourse.

Tout cela cep train de changer la vulnérabilité le Congrès a ordonné d'avantag non seulement p d'informations pour leur analy part réduit de 8 de comités surv férents services ments. Il est vra le nouveau C



Une capitale de l'espionnage, une forteresse de la politique internationale : les locaux de la Central International Agency à Langley.

10

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● La capacité de la C.I.A. de mener des actions clandestines a été quasiment paralysée. Le raid de Tabas pour libérer les otages aurait eu plus de chance de réussite s'il avait été confié à la C.I.A. estiment plusieurs experts.

2.000 licenciements

L'amiral Turner, camarade de promotion de Carter à l'école navale d'Annapolis, débaucha plus de deux mille employés de la C.I.A. en trois ans. Le moral de l'agence s'en ressentit considérablement. Morosité aggravée par l'exploitation faite par le K.G.B. des activités anti-C.I.A. d'anciens agents, comme Philip Agee. Après la



William J. Casey, le nouveau patron de la C.I.A.

publication par ce dernier du nom d'agents américains à l'étranger, un d'entre eux a été assassiné, d'autres attaqués et plusieurs rapatriés d'urgence aux Etats-Unis.

Enfin, par souci d'économie, le chef de la C.I.A. concentra la surveillance technique (reconnaissance photo, déchiffrement de code, interception radio) sur l'Union soviétique au détriment du reste du monde. Conséquence : les Américains ne savent plus désormais ce qui se passe en Amérique centrale ou dans le tiers monde. De toute façon, si les services de renseignements ont assez d'argent pour rassembler des données, ils en manquent pour payer leurs analystes. Le grand coupable : le Congrès qui tient les cordons de la bourse.

Tout cela cependant est en train de changer. Conscient de la vulnérabilité de la défense, le Congrès avait en 1980 accordé davantage de crédits, non seulement pour la collecte d'informations, mais aussi pour leur analyse. Il a d'autre part réduit de 8 à 2 le nombre de comités surveillant les différents services de renseignements. Il est vraisemblable que le nouveau Congrès, ou le

Sénat est désormais à majorité républicaine, restreindra le pouvoir du « Freedom of Information Act » donnant accès à tous les documents gouvernementaux. Le nouveau Congrès déciderait également de prendre des sanctions contre les agents qui, à l'instar d'Agee, rendent public le nom de leurs collègues.

Le sens du danger que court le pays et un patriotisme renaissant sont les raisons de l'augmentation constante en 1980 du nombre des nouvelles recrues de la C.I.A. Ce sont des gens jeunes, enthousiastes et de qualité, dont plus de 50 % sont bardés de diplômes. Il leur faudra du temps pour remplacer les agents ayant des années d'expérience. Mais la renaissance de la C.I.A. dépend d'eux.

C'était ce que rappelait récemment un ancien patron de l'Agence, William E. Colby : « Les difficultés posées dans les décennies à venir par le débordement d'informations seront résolues davantage par la gymnastique intellectuelle que par les exploits athlétiques ou sexuels des James Bond ». John Le Carré contre Ian Fleming.

C. D.



International Agency, à Langley.

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LOS ANGELES TIMES
13 FEBRUARY 1981

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Newsmakers —By JENNINGS PARROTT

—The nation's top spy, CIA chief William J. Casey, emerged from the White House a few days after President Reagan moved in, looked around, walked up the driveway, reentered the building by another door, came back out and looked around some more. "Can't find your car?" a fascinated reporter called out. "Yes," replied Casey, who wandered off, still looking.

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ON PAGE E27

THE WASHINGTON POST
12 February 1981

JACK ANDERSON

Expert Forsaken During Hostage Crisis

To help get the hostages back from Iran, the Carter administration called upon Herb Cohen, an internationally respected lawyer, whose specialty is negotiating. He not only told Jimmy Carter's people what they were doing wrong — while they were doing it — but he predicted the release of the hostages almost to the exact hour.

There was only one problem: The Carter strategists paid no attention to him. They sought his expert views, then excluded him from their deliberations. Not until Ronald Reagan's advisers consulted Cohen, ironically, did anyone listen to him.

He submitted his conclusions in writing to Reagan's campaign manager, William Casey, on Oct. 25 — 10 days before the election. "Khomeini and his mullahs know that they are selling to an anxious buyer," advised Cohen. "Therefore, the maximum price that they can extract from this administration will be just prior to the election."

"To put it bluntly, any experienced negotiator or bazaar vendor knows that on Nov. 5 the Iranians will have to put their 'illegally obtained merchandise' on sale at a cut-rate price."

Although the anxious Carter might be willing to pay the maximum price, Cohen predicted, there wouldn't be time to cut a deal before Election Day. The release of the hostages would come too late, therefore, to bail out Carter. "And so, it is probable

that Gov. Reagan will be the president-elect on Nov. 5," wrote Cohen.

With Reagan the winner, this would put Carter "in an excellent position to negotiate a palatable agreement" before the transfer of power. "If by word or deed the president-elect and his spokesmen make clear that there will be a radical departure from the existing policies with respect to government-sponsored terrorism," Cohen advised, "the Iranians will view Inauguration Day as their final deadline."

"As a result, they will select the option of dealing with Carter, the Satan known, rather than Reagan, the Satan unknown," Cohen added prophetically. "There is a negotiating truism that most concession behavior and all settlements will occur at the deadline." Reagan issued statements calculated to exploit the Iranian apprehension about him. Cohen correctly calculated that the statements would impress the Iranians because, he wrote, they saw Reagan as "a person who means what he says." Thus Reagan responded as Cohen recommended, and the Iranians reacted as Cohen predicted — on the exact deadline he had foreseen.

From the beginning, Cohen studied the Koran for clues to Khomeini's behavior. He also brought to the hostage crisis his experience in dealing with other hostages, as a consultant to the Justice Department and the FBI.

He advised Carter's people to abandon their "passive policy" and take the

offensive. His plan was simple: He listed two dozen new sanctions to impose on Iran — embargoing food and medicine, expelling Iran from the satellite communications network, cutting off all commercial flights, sealing the borders against smugglers, etc.

The idea was to impose these penalties, one at a time, five days apart. This would put the United States in the position of acting instead of reacting, Cohen argued, keeping the Iranians off-balance, wondering what was coming next.

The plan was rejected if it was ever considered. Then on Oct. 23, when the Republicans were still nervously wondering if Carter would pull an "October Surprise" to get the hostages out and himself reelected, Reagan's campaign manager flew to New York City for a five-hour talk with Cohen.

Casey asked him to put his views in writing, and two days later, Cohen offered this analysis: "Since January, the ineptitude of the Carter administration caused the 'Iranian Hostage Crisis' to become mired in Wonderland, where the Red Queen is the sickly, senile Khomeini, the drowsy dormouse an American president and Alice, the figure of reason, has been out on a prolonged coffee break."

He concluded the Carter administration had failed to grasp — and exploit — the key point in the hostage seizure: It was a criminal act, and the Iranian mullahs were kidnapers.

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ON PAGE 18

THE VILLAGE VOICE
11-17 February 1981

At Least They Will be Warned

Aides to new CIA chief William Casey note thankfully that in view of his endemic mumble Casey is the first intelligence head in recent memory to have no need for a scrambler. Admiral Bobby Inman, Casey's deputy at CIA, is given high marks by experts as a super-professional. Formerly head of NSA, Inman correctly predicted China's invasion of Vietnam, and the Soviet invasion of Afghanistan. Furthermore he reported at the end of last year that the Soviet Union would not invade Poland before Christmas. Inman—whose full name is Bobby Ray—had little time for Casey's predecessor, Admiral Stansfield Turner, regarding him as an incompetent waffler.

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ON PAGE 4-22

NEW YORK TIMES
11 FEBRUARY 1981

MAITLAND, Fla. — The victims of the "Halloween massacre" may soon be vindicated. They were the old Central Intelligence Agency hands summarily dismissed by Admiral Stansfield Turner in a large-scale purge on Oct. 31, 1977, because he "preferred to get new young people, to promote promotions and flowthrough." Most of them were highly trained and experienced intelligence officers of the senior and middle levels; some were station chiefs in London, Vienna, Bonn, Ottawa, and Latin America. It is said in Washington that William J. Casey, the new Director of Central Intelligence, will bring back many of these former "spooks" to rehabilitate the "plant."

Severe criticism of the C.I.A.'s effectiveness has been leveled by friend and foe. Some say that it has failed to forecast turmoil in the world's trouble spots because it has relied heavily on technology instead of using human agents on the scene. Others complain that shortages of electronic means, spy satellites, and trained analysts are responsible for faulty estimates. The truth is somewhere in between.

More distressing is the often heard charge that the White House has used the Agency as a tool to justify predetermined policy, rather than as a means of providing policy makers with solid information as a basis for sound decision-making. This charge, if true, would be contrary to Congress's intent in creating the C.I.A. The National Security Act of 1947 directs the Agency to collect, evaluate, and provide the policy makers with processed intelligence. The act also states that the C.I.A. will perform such other functions and duties as the National Security Council may direct. By implication, the C.I.A. has been directed by the Council to conduct clandestine operations, political and economic warfare, and "dirty tricks." These are not intelligence activities, but a dubious means of carrying out national policy.

To prove this point, critics focus on the Agency's role in restoring the Shah of Iran to power in 1953, its support of his secret police, the Savak, and its failure to accurately assess the situation in 1978-79 that led to the attack on our embassy in Teheran. If the C.I.A. had anything to do with these events, it was not performing an intelligence role but simply carrying out predetermined national policy.

Bringing Back 'Spooks' To Revitalize the 'Plant'

By Archimedes L. A. Patti

Friend and foe also recall the Agency's shortcomings in 1961: the Bay of Pigs fiasco, the failure to give adequate warning of the construction of the Berlin Wall, and the rift between Syria and the United Arab Republic.

Our greatest failure since Pearl Harbor, some say, involved the surprise deployment of Soviet missiles in Cuba. Despite aerial surveillance, they went undetected for more than a year until mid-September 1962. Why? A Senate committee concluded that the C.I.A. had ignored reports from Cuban refugees and exiles, considered biased and unreliable, and that there was a "predisposition of the intelligence community to the philosophical conviction that it would be incompatible with Soviet policy to introduce strategic missiles in Cuba."

Evidently our intelligence chiefs have lost sight of their responsibility to produce timely and evaluated intelligence. Unquestionably these failures existed long before Admiral Turner took over the C.I.A. in March 1977, but his infatuation with technology and inexperience in intelligence operations de-emphasized the trained field operative and the specialized analyst in Washington in favor of more-glamorous devices. His decision to eliminate field operatives perpetuated the Agency's deficiency in determining intent.

Radar, satellites, and listening devices can and do produce hard information, but they cannot tell us *when* or *why* an action will be taken — in other words, the *intent*.

Jimmy Carter admitted in November 1978 that he had been "concerned that the trend... to get intelligence from electronic means might have been overemphasized" and had asked his aides to improve methods for gathering information on sensitive developments abroad. This has not been done.

The C.I.A. seriously needs rehabilitation, especially in the area of valid estimates. Nothing is more crucial in international affairs than the relationship between intelligence and policy, or, put differently, between knowledge and action. Here is where the C.I.A. has been weakest. Too often our decision-makers have not had the benefit of adequate intelligence, skillfully synthesized into valid estimates.

One hopes that the Casey team will return to the basic precepts of intelligence — the use of people to collect, analyze, and report information. Not that technology should be abandoned; rather, it should assist and augment the field operative and analyst. Only humans can make value judgments and forecast intent.

Archimedes L. A. Patti, who served in various military-political intelligence posts, though never for the Central Intelligence Agency, from 1969 to 1971 was a staff member of the Executive Office of the President, specializing in crisis management and national security affairs. He is author of "Why Viet Nam?"

ARTICLE APPEARED
ON PAGE C1THE WASHINGTON POST
9 February 1981

They Came, They Won, They Partied

The Presidential Pals Toast to Triumph

By Mary Battiata

"The Group," that small but social pride of Californians, flew into town last week to help their friend, President Ronald Reagan, celebrate his 70th birthday. And the celebrating didn't stop after Friday night's White House "surprise" spectacular.

Before their dancing heels had a chance to cool, they were off again, to a Saturday lunch at the Fairfax Hotel hosted by Kansas City socialite and GOP fund-raiser Carol Price and husband, Charles — and then to a dinner at the Watergate's Jean Louis restaurant given by two of the inaugural impresarios, Charles and Mary Jane Wick.

"After this weekend, we may almost be partied out — almost," said one of the crowd.

At the Jean Louis, there were truffles, and tales, and toasts to triumph.

"If it weren't for the efforts of this group," the president joked to the crowd of 48 during his toast, "I'd be making this speech before the Chamber of Commerce."

"These people have been with the president through thick and thin," said a more recent addition to the crowd. "They knew him when."

James Stewart serenaded his table with "Ragtime Cowboy Joe," and according to one guest announced that he will soon be going on the road with an abridged version of the play "Harvey."

House Minority Leader Robert Michel (R-Ill.) got up and launched into "Old Man River," and then "Send In the Clowns." "He looked a little sheepish at first. I don't think he was expecting to be asked to sing," said one guest.

The crowd included cabinet member William French Smith and his wife, Jean, CIA Director William Casey, Alfred and Betsy Bloomingdale, inaugural co-chairman Robert Gray, and Walter and Leonore Annenberg and Virginia and Holmes Tuttle.

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THE WASHINGTON POST
9 February 1981

Haig Suggests Ally Summits Could Be Held Less Frequently

Secretary of State Alexander M. Haig Jr., in an interview published yesterday, cast doubt on the recent practice of regular semi-annual summit meetings of the free world's leaders.

Haig, in an interview with the London Sunday Times, said meetings of the top leaders should be "used sparingly." He also said that summits are "a very special vehicle in diplomacy that should be reserved only for the most exceptionally significant of issues."

The secretary of state, however, expressed the hope of establishing increasingly close relations and exchanges of intelligence with the European allies, if the Central Intelligence Agency can plug its news leaks.

"First and foremost, we have got to do a better job in developing and sharing common perceptions," Haig added. "That means sharing our intelligence, agreeing on the hard facts and recognizing that everybody can contribute to this process."

"But we can only expect our Euro-

pean partners to participate in such exchanges if they can be protected against immediate revelations on the front pages of American newspapers," he said. "We, therefore, have to tighten up our international channels of communications."

Haig said newly appointed CIA Director William J. Casey "is very much dedicated to this."

Haig said the new administration is keeping its options open on nuclear disarmament and the SALT II pact.

"It has been my experience that achieving arms control is never the product of rhetoric or idealistic hopes," Haig said. "It is always the product of pragmatic reality."

Haig said Soviet behavior in world troublespots and what he called "technical flaws" in SALT II would affect how President Reagan decides to deal with arms control.

"We are looking at these problems and I don't know yet how we will proceed from here — whether to develop a whole new treaty, whether to put fixes into the existing treaty or whether to do it by amendments," he said.

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Approved For Release 2005/12/14 : CIA-RDP91-00901R000400200008-7ARTICLE APPEARED
ON PAGE 16U.S. NEWS & WORLD REPORT
9 February 1981

Washington Whispers

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William Casey is privately telling key members of Congress his legislative priorities as director of the Central Intelligence Agency: A law making it a federal crime to disclose the identity of a CIA agent and another statute exempting the agency from many demands under the Freedom of Information Act for looks at its records.

UPI
8 Feb. 1981

HAIG SAYS U.S. TO END REGULAR SUMMITS

LONDON (UPI) -- SECRETARY OF STATE ALEXANDER HAIG SAID IN AN INTERVIEW PUBLISHED SUNDAY THAT THE REAGAN ADMINISTRATION WILL END REGULAR SUMMIT MEETINGS WITH U.S. ALLIES BUT HOPES TO INCREASE EXCHANGES OF INTELLIGENCE PROVIDED THE CIA CAN PLUG ITS NEWS LEAKS.

HAIG DISCUSSED THE NEW ADMINISTRATION'S PRIORITIES FOR DEALINGS WITH THE EUROPEAN ALLIES IN AN INTERVIEW WITH LONDON'S SUNDAY TIMES.

BESIDES ENDING FORMER PRESIDENT CARTER'S TWICE-YEARLY SUMMIT MEETINGS AND EXPANDING THE INTELLIGENCE-SHARING PROGRAMS, HAIG SAID THE NEW ADMINISTRATION IS KEEPING ITS OPTIONS OPEN ON NUCLEAR DISARMAMENT AND THE SALT-2 TREATY.

"IT HAS BEEN MY EXPERIENCE THAT ACHIEVING ARMS CONTROL IS NEVER THE PRODUCT OF RHETORIC OR IDEALISTIC HOPES," HAIG SAID. "IT IS ALWAYS THE PRODUCT OF PRAGMATIC REALITY.

"ONE COULD MAKE THE CASE THAT IT WAS THE CONSENSUS ABOUT DEPLOYING CRUISE MISSILES IN EUROPE AT THE NATO MINISTERIAL MEETING IN DECEMBER 1979 WHICH CREATED THE CIRCUMSTANCES THAT LED TO THE START OF THE DISCUSSIONS BETWEEN THE SOVIET UNION AND THE UNITED STATES ON HOW TO LIMIT THEATER NUCLEAR WEAPONS," HE SAID.

HAIG SAID SOVIET BEHAVIOR IN WORLD TROUBLE SPOTS AND WHAT HE CALLED "TECHNICAL FLAWS" IN THE SALT-2 TREATY WILL AFFECT HOW REAGAN DECIDES TO DEAL WITH ARMS CONTROL.

"WE ARE LOOKING AT THESE PROBLEMS AND I DON'T KNOW YET HOW WE WILL PROCEED FROM HERE -- WHETHER TO DEVELOP A WHOLE NEW TREATY, WHETHER TO PUT FIXES INTO THE EXISTING TREATY OR WHETHER TO DO IT BY AMENDMENTS," HE SAID.

THE SECRETARY SAID HE HOPED TO PROMOTE "A VERY CLOSE RELATIONSHIP" BETWEEN THE UNITED STATES AND ITS EUROPEAN ALLIES. BUT HE SAID HE WAS ABANDONING CARTER'S SEMI-ANNUAL SUMMIT MEETINGS BECAUSE SUCH SESSIONS "SHOULD BE RESERVED ONLY FOR THE MOST EXCEPTIONALLY SIGNIFICANT ISSUES.

"FIRST AND FOREMOST, WE HAVE GOT TO DO A BETTER JOB IN DEVELOPING AND SHARING COMMON PERCEPTIONS," HAIG ADDED. "THAT MEANS SHARING OUR INTELLIGENCE, AGREEING ON THE HARD FACTS AND RECOGNIZING THAT EVERYBODY CAN CONTRIBUTE TO THIS PROCESS.

"BUT WE CAN ONLY EXPECT OUR EUROPEAN PARTNERS TO PARTICIPATE IN SUCH EXCHANGES IF THEY CAN BE PROTECTED AGAINST IMMEDIATE REVELATIONS ON THE FRONT PAGES OF AMERICAN NEWSPAPERS.

WE, THEREFORE, HAVE TO TIGHTEN UP OUR INTERNATIONAL CHANNELS OF COMMUNICATIONS," HE SAID.

HAIG SAID NEWLY APPOINTED CIA DIRECTOR BILL CASEY "IS VERY MUCH DEDICATED TO THIS."

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ON PAGE 14

THE NEW REPUBLIC
7 February 1981

What's sauce for the CIA isn't sauce
for the FBI.

Independent Agents

Although almost nobody noticed, the incoming Reagan administration has just handed an important victory to the FBI, one its agents and high-ranking officials have wanted for nearly a decade. Several weeks ago the Reagan staff announced that the new president will not install his own FBI director, but will leave the current director, William H. Webster, on the job. Webster thus becomes virtually the only top-level federal official appointed by President Carter who will serve the Reagan administration. By allowing Webster to continue in office, the Reagan people seem to have established, once again, the principle that the FBI's leadership does not change hands after presidential elections. This principle was in doubt during the 1970s. The FBI, in other words, will not be subjected to the sort of immediate political control and direction that other agencies of the federal government must soon confront. Instead, it will be regarded once again, as it was in the days of J. Edgar Hoover, as a semi-autonomous organization.

Consider, by contrast, the situation at the nation's other leading intelligence agency, the CIA. Out in Langley, Virginia, the expectation seems to be that the CIA director should clean off his desk as soon as the president who appointed him retires or is defeated. President Carter found a college classmate, Admiral Stansfield Turner, to take charge of the CIA in 1977. Now Reagan has picked his former campaign director, attorney William Casey—the sort of guy a president used to name as his attorney general—to be CIA director. While the FBI director is supposed to be an independent fellow, it seems, the CIA director is now supposed to be part of the president's foreign policy "team." This is a new tradition at the CIA and a surprising one. Not even presidents Kennedy, Johnson, and Nixon—none of them usually reluctant to assert political authority—tried to replace sitting CIA directors when they took office.

The controversy over presidential control of the FBI began in 1972, when Nixon was in the White House and Hoover was FBI director. That line-up can be viewed as a Mexican stand-off. The cranky, autocratic style of Hoover's final years gave a bad name to the cause of independence for the FBI. Nixon's ham-handed manipulations, on the other hand, gave a bad name to political control of the FBI. When Hoover died, Nixon installed L. Patrick Gray as FBI director and promptly began a series of actions that led to the Watergate cover-up of Watergate. Many FBI officials were outraged, and some of them helped to dig up and

GRAY WAS succeeded as FBI director by Clarence M. Kelley. During the 1976 campaign Jimmy Carter attacked Kelley for what seem in retrospect like relatively minor improprieties, such as allowing FBI workers to build window valances in Kelley's suburban apartment. Carter implied that, unlike President Ford, he might have sacked Kelley on the spot. Kelley was already nearly 65 years old, and he might have been expected to step aside quickly when Carter won. Instead, shortly after the election, Kelley appeared before 350 Washington-based FBI supervisors and announced he would stay on as director through the end of 1977, in order to prevent the FBI from becoming "politicized." Kelley told the agents that if he retired at the beginning of 1977, he might set a precedent under which a new FBI director would be appointed every time a new party took control of the White House. President Carter and his attorney general, Griffin Bell, went along with the year-long delay, in part because they were having trouble finding a suitable replacement for Kelley.

Congress, meanwhile, under the prodding of Senator Robert Byrd, passed a law setting a 10-year term of office for the FBI director. The legislation ostensibly was intended to prevent future J. Edgar Hoovers, by setting a maximum period that FBI directors could serve. The law does not (and probably could not) limit the right of a president to replace his FBI director if he wanted to do so. But in practice, the 1976 law was taken as a signal that FBI directors were meant to have something other than four-year terms. Webster said last summer that he felt the 10-year term set by Congress "suggests an intention that, as long as a director is doing his job, he shouldn't come and go with changes in political administrations."

There does not seem to be any good explanation for the different treatments of the FBI and the CIA, other than bureaucratic politics. CIA officials have not mounted a vigorous campaign for independence, as FBI officials have. CIA officials may have decided they are better off being headed by a White House loyalist who can provide political protection during times of controversy.

Logically, keeping the CIA director independent makes at least as much sense as doing so for the head of the FBI. The CIA is supposed to be, primarily, an intelligence-gathering agency, which collects and analyzes information for use by policy-makers. Putting a member of the administration's "team" in charge of the CIA increases the chance that the agency will tell the White House what it wants to hear and sift out the bad news.

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ON PAGE A 19

THE WASHINGTON POST
5 February 1981

Morton H. Halperin

How Reagan Can Improve the Intelligence Product

At his confirmation hearing, William Casey, the new director of central intelligence, stated that his primary objective as head of the CIA would be to improve the quality of the intelligence product.

There are two possible approaches to that task. Which one Casey and the Reagan administration choose will determine whether the intelligence community continues to be mired in controversy.

One approach is to look backward and seek to undo the modest reforms relating to surveillance of Americans and Freedom of Information under the slogan of "unleashing the CIA." The alternative is to move the debate to a different level by focusing on proposals directly aimed at improving the intelligence product.

The former approach will do little to affect the quality of the intelligence that the president needs and much to continue the debate that has contributed to the declining morale of the intelligence agencies.

Despite all the rhetoric about shackling the intelligence agencies, they are in fact under very few restraints: most of the limitations relate only to the surveillance of American citizens. The most restrictive limitations are not in executive orders or legislation, but in agency implementing directives drafted by the agencies and approved by the attorney general. In urging the new administration to leave these directives in place, House Intelligence Committee Chairman Edward Boland (D-Mass.) noted that the current system has the support of the head of every intelligence agency.

Moreover, all of the post-Watergate restrictions taken together have only a very small impact, if any,

on the gathering of intelligence about the Soviet Union and other high priority targets; removing all of them will not improve the product in any significant way. Indeed, permitting the intelligence agencies to spy again on dissenting Americans could lead to a focus, as in the past, away from real counterintelligence efforts aimed at countering the KGB to the far easier business of surveilling lawful political activity.

On the other hand, if the new administration decides to leave the rights-of-Americans issues where it found them, neither seeking to undo the existing restrictions nor moving toward a legislated charter, it will, one suspects, find those who have been pressing for more reform willing to give the present system time to prove its worth.

This will leave the new team free to concentrate on the vital task of improving the intelligence product. Here they have an agenda, laid out among others by Richard Allen, President Reagan's national security adviser, which in my view holds the promise of accomplishing the objective in ways fully consistent with the rights of Americans.

The key elements of this reform effort are: 1) the separation of the clandestine service for covert collection and operations from the rest of the CIA, which would become an analysis agency, 2) the encouragement of multiple centers of analysis and of competing estimates rather than joint intelligence community products and 3) the creation of a new intelligence coordinating position in the White House.

Each of these proposals would meet stiff resistance from some parts of the intelligence community; and Casey expressed general opposition to reorganization at his confirmation hearings, suggesting that there have been too many reorganizations. However, the fact is that these fundamental restructuring proposals have yet to be seriously considered. Taken together, they could significantly improve the quality of intelligence reaching the president.

The splitting of the CIA would permit the appointment of an analyst to the post of head of the CIA for the first time. (I am assuming that Casey would assume the White House intelligence role if these schemes were adopted.) It would permit that agency to concentrate on producing unbiased intelligence without responsibility for any collection programs or operations. One would hope that a tradition would develop of having the agency headed by a career official and a distinguished scholar from outside the government. The new agency could do much of its work without excessive secrecy and should be able to develop far more extensive and profitable relations with the research and academic communities.

This new intelligence agency should not devote substantial time to producing joint intelligence products. If such efforts are not proscribed, they should be limited to situations in which an agreed estimate is needed for planning purposes. Even then, every effort should be made to prevent the hiding of profound differences in carefully chosen, ambiguous language. Most of the product of the agency should be its own and should be signed by real people, not offices. Moreover, every other agency should be encouraged to develop and expand its own analytic capability and produce competing reports challenging the conclusions of the new analysis agency. The most compelling analysis should triumph, not the least common denominator of agreed estimates.

None of this will ensure good intelligence, let alone good policy. But it would start the intelligence community back on the road toward doing the job it was set up to do. It would also avoid the acrimonious public debate that can only prolong the period of decline in the quality of the intelligence product.

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THE NATIONAL GUARDIAN
4 February 1981

Rights activists stress need to organize Civil liberties under attack

By BEN BEDELL

When it comes to civil liberties, the right wing's campaign "to get the government out of our lives" stops dead.

In a broad range of areas, the Reagan administration and Congress will attempt to erode civil liberties protections. From congressional legislation, to riders to appropriations bills, to investigative "anti-subversive" committees in the House and Senate, to the issuance of executive orders, a wide range of tactics is available to the right to harass and limit the freedoms of its opponents. What will be in store?

A survey of leading civil liberties organizations, as well as key conservative congressional representatives, indicates that the right will seek rollbacks over the next two years.

At the same time, civil libertarians point out that with few notable exceptions, the rollbacks can be stopped or sharply curtailed by vigorous organizing by progressive forces.

"There aren't going to be any advances," says Esther Herst of the National Committee Against Repressive Legislation (NCARL), "but if we can organize well enough, I don't think there will be any grave setbacks either."

There are expected to be at least a half dozen civil liberties issues coming up in the near future in the capital. If the political climate in the country moves further to the right, there

may well be more.

The pattern of erosion of civil liberties began well before the Nov. 4 election and coincided with the shift to the right of the entire ruling class, Democrat and Republican alike. The last Congress and the Carter administration, for example, were united on the need to remove certain restrictions on the intelligence agencies and to stiffen penalties for actions harmful to "national security."

The civil libertarians were on the defensive, and that trend is expected to accelerate under Reagan and the 97th Congress.

Fortunately, it will be next to impossible for conservatives to implement their maximum program under present circumstances. That program was set out most thoroughly in the report to Reagan by the Heritage Foundation, the ultra-right think tank.

The report proposes: a loyalty oath for all federal employees; congressional investigations of "subversive" groups; removal of all restrictions on FBI and CIA investigations of subversive groups, including warrantless wiretaps, mail covers, informants and illegal entries; FBI and CIA exclusion from the Freedom of Information Act (FOIA); centralized files of subversives; and a new agency solely for the purpose of covert intervention abroad.

The report adopts the broadest possible definition of "subversives" and even includes a list of organizations. Such "radical and New Left groups" as Tom

Hayden's Campaign for Economic Democracy and the Institute for Policy Studies are on it, along with antiwar and antinuclear lobbies. In addition, the report advocates that anyone "who engages in subversive activities without being fully aware of their purposes" should be targeted.

Few civil liberties activists expect this maximum program to be passed. "It's just too heavy handed in the present climate," says Alan Adler of the Center for National Security Studies. However, elements of it may be introduced in Congress.

Two bills have already been introduced that are likely to be the cutting edge of civil liberties erosion, and they may be followed by five other initiatives. These are:

- The Intelligence Identification and Protection Act. Passed by the House in the last session, it failed to become law only because of procedural problems in the final hours of the 96th Congress. The bill forbids anyone from disclosing information leading to the identification of a U.S. intelligence agent. Known as the "Agee bill," it would outlaw books like former CIA agent Philip Agee's "Inside the Company" and the work of groups that seek to expose CIA covert action.

- Exemption of the CIA and FBI from the Freedom of Information Act (FOIA). Both the new attorney general, William French Smith, and the new CIA director, William Casey, said in confirmation hearings that

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WASHINGTON STAR (GREEN LINE)
4 FEBRUARY 1981

Inman Wins Hill Panel OK For No. 2 Position at CIA

The Senate Intelligence Committee yesterday unanimously recommended confirmation of Navy Adm. Robert Inman to become deputy director of the CIA.

Inman, who since 1977 has headed the National Security Agency, was expected to be easily confirmed by the full Senate by the end of this week.

In his new job, Inman, a career military man, will be deputy to William J. Casey, the Wall Street lawyer and political adviser to President Reagan, already confirmed by the Senate as CIA director.

Shortly before the intelligence panel took its informal ballot, the Senate Armed Services Committee voted to approve Inman's promotion to full admiral.

In testimony before the intelligence committee, Inman, 50, said Casey would be responsible for the CIA's covert spy operations.

Inman, meanwhile, said he will look after the budget and administration of the agency, technical methods of intelligence collection like spy satellites and the CIA's ability to correctly analyze the information it gathers.

As director of the super-secret NSA, Inman headed an agency that monitors radio and telephonic signals of other nations to gather intelligence.

Inman held intelligence jobs through much of his Navy career, including three years as director of Naval Intelligence.

Through much of the 1970s, Inman said, the CIA badly misjudged and underestimated the rapid buildup of Soviet military forces.

Despite predictions that Soviet citizens would demand less military spending and greater production of consumer goods, Inman said the Russians added 3 percent or more to their military budgets annually, including extensive expansion of defense production facilities.

Meanwhile, he said, the United States slowed its defense expansion because of the war in Vietnam and the impact of inflation on military spending.

Inman estimated that the Soviets have three times as many people as the United States working in its intelligence agency, and said the CIA suffers from a marked shortage of competent intelligence officers, both analysts and covert agents.

Over the past few years, Inman said, "the national security account suffered a big reduction," which needs to be reversed.

The CIA, Inman said, needs many more analysts who know enough about various countries, including Third World nations, to make it possible to understand political and economic changes quickly.

To find competent new analysts and linguists, also in short supply, Inman said he plans to reopen ties between the CIA and American universities and colleges. Many universities have been reluctant to acknowledge connections to the agency because of disclosures of past CIA abuses, including involvement in foreign assassination attempts during the 1960s.

Sen. Barry Goldwater, R-Ariz., the chairman of the Intelligence Committee, had personally recommended that Reagan and Casey choose Inman for the deputy's job, and Inman was warmly praised by all members of the panel.

Associated Press

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ON PAGE 3

THE WASHINGTON POST
4 February 1981

Inman Wins Quick Approval by Senate Panel for No. 2 Post at CIA

By Michael Getler
Washington Post Staff Writer

Navy Vice Adm. Bobby Ray Inman, the soft-spoken superstar of the U.S. intelligence community, won quick and unanimous approval from the Senate Select Intelligence Committee yesterday as President Reagan's choice to be deputy director of the CIA.

Earlier in the day, the Senate Armed Services Committee endorsed a presidential recommendation for a fourth star for the 49-year-old officer, which will place Inman among the youngest full admirals in Navy history.

Inman, with 28 years in the Navy, much of it as an intelligence officer, has won widespread acclaim within the government as the director of the supersecret National Security Agency (NSA), which he has headed since July 1977.

Inman wanted to stay at the NSA rather than move into the deputy's job at CIA, and he told the Intelligence committee yesterday that he was appearing before it as something of a "draftee." Committee Chairman Barry Goldwater (R-Ariz.) told Inman that he had urged CIA Director William J. Casey to go after him for the No. 2 job because, Goldwater said, he "didn't know a man in the business who was more highly regarded."

Sen. Jake Garn (R-Utah) said Inman was "the most direct and forthcoming witness" to come before the committee in recent years and praised the admiral for "never hedging his opinions or worrying about politics." Inman's directness and knowledge are the characteristics that have

won him so much praise. The admiral tried to take it in stride yesterday, telling the panel members that "I hope we'll both feel at the end of two years that it was the right choice."

The NSA director presides over some of the nation's most sensitive communications monitoring and code-breaking equipment. But at the CIA, the intelligence chores are even broader. Under questioning by the committee yesterday, Inman said he was worried most about the manpower problems in the intelligence community.

For a variety of reasons — some related to the costs of Vietnam and the expense of equipment — intelligence manpower levels, particularly the number of experienced analysts, have steadily eroded over the last eight years, Inman said, adding that he hopes for some "redress" despite the federal hiring freeze. He said it was vitally important to have more analysts who understand cultures, religions, politics and economics and who speak languages. There is simply no substitute for that in terms of making sense of the information gathered, he said.

Inman believes there is a "generation gap" in the intelligence community caused by the retirement of officials who joined in the post-World War II era. He said there was a need for keeping specialists in the same job without sacrificing their promotion prospects. The U.S. capability for understanding foreign languages and cultures "is poor and getting worse," he said, as there are fewer Americans who speak a second language at home.

Pointing out that there are many young people with the aptitude to

learn languages, but that it takes years of training, Inman said one of his jobs will be to improve ties with the academic community. He suggested the intelligence community might have to find new ways to recruit and train language students, even if it requires sponsoring programs in universities.

Inman said current U.S. intelligence capabilities are "outstanding" when it came to counting things, such as enemy missiles, by technical means and "very impressive" in terms of providing warning time. But in assessing trends, U.S. agencies do less well. There are areas of the world where problems often develop rapidly and where there is scanty intelligence collection, he said.

Though Washington has a "fairly significant lead" over Moscow on the technical side of data collection, the Soviets apply about three times as much manpower to solving intelligence problems, Inman said. The admiral said the best U.S. intelligence capability is in the military field and that it comes from higher standards forged by competition. Inman said he would "urge strongly" against any move to consolidate intelligence analysis among the various agencies.

In response to a question, Inman said the suggestion, which occasionally surfaces in the press, that the U.S. intelligence community overestimates the Soviet threat to push for higher military budgets is "flatly wrong."

On "rare occasions," he said, intelligence assessments have overestimated Soviet strengths, but on many more occasions, he said, the U.S. estimates have proved to be too conservative.

NEW YORK DAILY NEWS

4 February 1981

25

Not trying to take over ABC: Tisch

By BARBARA ETTORRE

The man whose company now owns more than 6% of ABC says he is in it for the money *only*. Furthermore, he says that if ABC stock doesn't perform, he will sell his holdings.

"I have no intention of doing anything else than owning this stock for investment," states Larry Tisch, chairman of the Loews Corp.

Today Tisch is doing two things: expanding Loews' hotel empire and taking a close look at cable television, an industry in which Loews lags.

Tisch is considered one of the most astute stock market players in corporate America today. He has parlayed a small string of hotels bought 20 years ago into a \$4 billion corporation that includes the Bulova Watch Co.; CNA Financial Corp., a property and casualty insurance underwriter; P. Lorillard, maker of Kent, True and Newport cigarettes; a hotel division comprising about 20 hotels in the United States and abroad; and a theater division operating 128 motion picture screens in 26 cities.

So, when Larry Tisch moves, everybody watches.

At a time when others are touting New York real estate and downplaying network television, Tisch has—characteristically—gone against the trend. Last year, Loews sold the Warwick Hotel and, just last month, the Drake, two big New York City hostelrys. Then he bought into ABC.

Reports persist that Loews wants ABC for its television and radio franchises and its potential in cable television.

During a long interview with the Daily News Tonight late last week, Tisch acknowledged that his company bought ABC stock because of the network's franchises—and he admitted that he made a mistake years ago in not putting Loews into cable. "I think we missed the boat in cable TV," stated Tisch flatly.

Then, of course, there is his friendships with ABC chairman Leonard Goldenson and former CBS president Arthur Taylor, who has in a cable television deal of his own with Rockefeller interests.

What of persistent reports that a deal will be consummated shortly, giving Loews 20% of ABC's shares?

"THEY ARE SO FAR out of the ballpark," Tisch said. "There is no deal, no thought of one. It is pure nonsense. Loews has bought this stock for investment purposes only. We treat it no differently than any other holdings. Whether we buy more stock or sell ABC will depend on the price of ABC in relation to the market that day."

Tisch said he decided to sell the hotels because Loews was "perhaps a little overstocked" in New York. Now the company has 2,000 rooms here and intends to expand its operations as rapidly as possible over the next two years, opening 10 hotels in new markets both here and abroad.

He also noted that the Drake deal, made with Swissair, Ltd., set a record of \$115,000 per room. As he said: "Our hotels were bought in a different era. There's a big difference in buying a hotel for \$115,000 a room and owning it at one-tenth the price."

Who is this man with the Quotron near his desk, a man who is watched in awe by a large cluster of top executives on both coasts?

He is small-framed, modest and polite. He wears a well-cut, navy pin-striped suit and polished shoes and sits in a big wing-back chair behind the "semi-antique" oak table he uses as a desk in his small corner office at 666 Fifth Ave.

HIS FATHER, AL, was a New York City garment manufacturer who gave up the business to go into real estate and included his sons, Larry and Bob, in his vision. Approved For Release 2005/12/14 : CIA-RDP91-00901R000400200008-7 success, had earned both a bachelors from New York

University and a masters from the Wharton School at the University of Pennsylvania by the time he was 19.

The Tisch family now controls about 43% of the company's stock, and two of Larry's four sons are active in the company and in family interests. His wife Wilma, who is called Billie, is a fiscal power in her own right: she is the first woman president of the Federation of Jewish Philanthropies, a charitable group controlling 130 agencies, with total private and public funding of \$850 million.

The couple lives in Manhattan during the week, attending an average of six functions a week. Tisch is a trustee at NYU and in charge of the school's search for a new president. On weekends they escape to a stone house on Manursing Island in Rye, where Billie Tisch has placed an enormous metal statue of a scarecrow by Miro in the backyard.

TISCH SAID THAT Chicago food executive Nate Cummings introduced him to the charms of the stock market. "In 1959, I was living in Florida while I was managing our Americana hotel in Bal Harbor," he recalled. "Loews was in the process of splitting its MGM and theater divisions by court order. Nate suggested that I take a look at it. All the stock that I bought, I bought within a one-point range in a year. Before I knew it, I had 25% of the company."

Tisch, who will be 58 in March, maintains a sizable portion of Loews' capital in securities—an unusual position for any corporation, let alone one the size of Loews. His stock purchases usually are visible, often controversial. Many of his deals are so astute, that some observers accuse him of playing on inside, privileged information.

"I know nothing that other people don't know," he said. "In fact, I never want to know anything that is

unpublished. I won't listen to it. My stock purchases are an intellectual activity. There is nothing crystal bowl about this. It's a business."

Tisch's name is Laurence, but he is called Larry "by guys I never met. Maybe that informality is a good sign for the country."

THE AMICABLE, INFORMAL combination of the personalities of Larry and his younger brother Preston Robert (who, appropriately, is often called Bobby and is the president of Loews and its operations man) is what makes the company tick. The brothers run Loews with the kind of independent power not often seen in contemporary American business.

"I have no feeling of any power at all," said the Loews chairman. "I don't feel that I have power or lack of power. Most corporate officers come to their jobs as professional managers. I am more of an individual entrepreneur."

Friends and associates all say the same things about Larry Tisch. He is not married to his stock holdings, unloading them if they don't produce. He is shrewd, flexible, pragmatic, an excellent bridge player who plays what has been described as "a right-hemisphere-of-the-brain game, a creative game." He is a man with a 16-handicap in golf who gave up the sport in favor of tennis because he found it too slow.

"PEOPLE THAT DEAL with him, feel that he deals up front," said Robert Linton, president of Drexel Burnham Lambert. Linton has played tennis regularly with Tisch on summer weekends in a group including John Gutfreund, head of Salomon Brothers, and Donald Stone, a stock specialist. "All Wall Streeters—and Larry's the lone customer. He buys industries when the Street is down on them."

Of course, there have been big mistakes, like the purchase of 500,000 shares of the Equity Funding Corp. in March, 1973—the same month that Equity Funding became the center of a now legendary scandal. "We bought a stock that turned out to be from a company that was committing a fraud," Tisch says simply.

He is known to host dinners for a wide range of political candidates—he is of an independent bent, registering as either a Democrat or a Republican on occasion—to discuss issues and to decide if a campaign donation should be forthcoming. "I guess I've hosted 30 to 40 different U.S. Senators," he says. "Political labels don't mean that much. I like to speak to anybody."

This night he was going to the Harmonie Club to attend a dinner for Bill Casey, the new chief of the CIA. Tisch's secretary corrected him: "It's at the Harvard Club." Tisch looked embarrassed. Then he laughed. "I have been known to walk into the wrong place. Wonder what's at the Harmonie Club." ■

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THE WASHINGTON STAR (GREEN LINE)
3 February 1981

Nominee to No. 2 at CIA Called Master of Spying

By Phil Gailey

Washington Star Staff Writer

Bobby Ray Inman is a whiz of a spy who has never been out in the cold.

Satellites, microwaves and computers have taken much of the chill out of modern-day espionage, and Inman is considered a master of these tools.

As the Reagan administration's choice to be the No. 2 man at the Central Intelligence Agency, Navy Vice Adm. Inman, a 49-year-old workaholic, is getting a fourth star — the price he exacted for taking the job — and the kind of praise that intelligence officials rarely receive.

The Senate Intelligence Committee, which holds hearings on his nomination today, is expected to approve Inman's appointment unanimously.

Inman's selection, in a political sense, is a master stroke. It is reassuring both to those who want to see U.S. intelligence operations strengthened and to those who don't want to see the CIA crashing through the forest in its previous "rogue elephant" role.

Sen. Barry Goldwater, chairman of the Intelligence Committee and a harsh critic of efforts to rein in the CIA in recent years, thinks as highly of Inman as does former Vice President Walter Mondale, who, as a senator, was involved in efforts to curb U.S. intelligence activities.

"There's not a mark on him," says a former admiral who worked with Inman in Naval Intelligence and later in the Defense Intelligence Agency. "He's the kind of professional who can help make our intelligence operations both effective and responsible."

Since 1977 Inman has headed the National Security Agency, the nation's largest and most sophisticated intelligence organization, cracking enemy codes, and analyzing information snatched from the sky by sophisticated instruments as it passes between governments and other sources.

Sometimes the agency's eavesdropping extends to private citizens. Billy Carter is one example. Early last year, while the Justice Department was investigating Carter's dealings with Libya, the agency picked up information from intelligence sources that Libya was about

Inman passed the information to then-CIA director Stansfield Turner, who took it to the White House and to then-Attorney General Benjamin Civiletti.

As deputy to CIA Director William J. Casey, who was an OSS operative during World War II, Inman will bring a background to the agency that will complement Casey's. Some even see Inman becoming the real master of U.S. intelligence because of his talents.

Casey, 67, is said, even by his friends, to be somewhat disorganized when it comes to details, occasionally forgetful and out of touch with modern intelligence techniques.

"Inman is ideal to back up Casey," said a former intelligence official who knows both men. "Casey can keep his focus on the big picture and Inman will make the place a professional operation again. Inman is strong in nearly every area where Casey is weak."

The Casey-Inman team is in keeping with CIA tradition. When a civilian heads the agency, the deputy spot goes to a military man, and vice versa. The former CIA director was Stansfield Turner, a Navy admiral, and his deputy was Frank Carlucci, a civilian who has been tapped by Defense Secretary Caspar Weinberger for the No. 2 post at the Pentagon.

Inman, a native of Rhonesboro, Texas, entered the Navy after graduation from the University of Texas in 1950. He became an ensign in 1952 and advanced through officer ranks until his promotion to vice admiral in 1976.

His career includes service as assistant naval attache in Stockholm, Sweden, a key listening post for events in the Soviet Union, and assistant chief of staff for intelligence under the commander of the Pacific Fleet in 1973-74. During the following three years he served as director of the Office of Naval Intelligence in Washington and as vice director of the Defense Intelligence Agency. He was named head of the National Security Agency in 1977.

Little is known about Inman beyond his professional life, even by his former associates. Retired Adm. Rex Rectanus, who worked with Inman in the Office of Naval Intelligence, remembers his former colleague as a "workaholic with few outside activities that I know of."

Inman: "He is a first-class officer, competent and professional in every respect. When he has something to say, he says it. Beyond that, I don't know what to say."

On Capitol Hill, where lawmakers have been impressed with Inman's briefing skills, he is known as a straight-shooter who uses facts to make his points and keeps his personal opinions to himself unless asked for them.

Inman also has demonstrated that he is capable of avoiding a knee-jerk reaction in dealing with such questions as homosexuality in the ranks of intelligence officials. Last year, for example, he reportedly refused to oust a security agency analyst who was found to be a homosexual. Inman even allowed the man to keep his security clearance.

That raised some grumbles inside intelligence organizations, which generally dismiss homosexuals on the grounds that they are vulnerable to blackmail attempts.



VICE ADM. BOBBY R. INMAN
Approval expected

INFORMED SOURCES

By RICHARD STERN

Many called but the rich were chosen

And speaking of presidential appointees and money, we took a look at Reagan's cabinet the other day and realized that, according to their financial disclosures, 10 of the 17 cabinet-level appointees have a net worth of more than \$1 million. For example:

- Defense Secretary Caspar Weinberger, former vice president of Bechtel Group, lists a net worth of between \$2.2 million and \$3.5 million. He received \$500,000 last year in dividends from Bechtel stock, which he now has sold.
- Attorney General William French Smith lists a net

worth of \$2.9 million to at least \$5.8 million.

- Trade representative Bill Brock listed assets of \$4.8 million to at least \$9.2 million, with a 1980 income of at least \$253,000 and perhaps as high as \$661,000.

- Treasury Secretary Donald Regan, former chairman of Merrill Lynch, listed income of at least \$719,000 and property assets ranging from \$1.2 million to \$2.4 million.

- CIA director William Casey, formerly a New York attorney, listed net worth of from \$3.3 million to at least \$5.6 million.

- Secretary of State Alexander Haig listed net

worth of \$1.7 million to \$2.1 million (pay in the army must be better than we thought).

- Transportation Secretary Drew Lewis reported net worth ranging from \$529,000 to \$2.6 million.

- Commerce Secretary Malcolm Baldrige listed net worth of \$1.2 million to \$1.7 million.

- Energy Secretary James Edwards, earned \$195,000 as an oral surgeon last year and he listed assets of \$750,000 to \$1.9 million.

- Labor Secretary-designate James Donovan listed a net worth of \$1.5 million to more than \$2.3 million.

The President's first team

By Godfrey Sperling Jr.

Washington

Where does power now reside in the new administration?

Veteran presidential watchers will tell you it is too early to determine the pecking order, that a shakedown cruise will be necessary before it can be determined. But at the outset the President's first team — those upon whom he will rely the most — looks like this:

Mr. Reagan will indeed have a supercabinet, even though it will not be set up formally. The President took the advice of his chief of staff, Jim Baker, along with others, who counseled that such an elite group would offend others in the Cabinet. But it seems clear that Reagan will meet on a frequent, often day-to-day basis with his secretaries of state, defense, and treasury, together with his attorney general and the head of the CIA.

Haig, Weinberger, Regan, Smith, and Casey will be at the President's elbow more often than others of his Cabinet — and because of this access will wield tremendous influence.

Also definitely on the first team are counselor Ed Meese, Mr. Baker, and deputy chief of staff Mike Deaver. And at this same level one finds Vice-President Bush. Reagan, like Carter, has made it clear that he will rely heavily on his vice-president.

Additionally, Office of Management and Budget director David Stockman probably will be extremely influential. With inflation and other economic problems at the top of the Reagan agenda, Stockman can be expected to move in and out of the Oval Office all day long.

Reagan will also see a great deal of Mur-

Washington letter

ray Weidenbaum, chairman of the President's Council of Economic Advisers, and Lyn Nofziger, his political counselor.

Presidents usually have confidants outside the administration to whom they can turn for advice. Reagan may well rely on some of his California friends, leaders in the business world, for help. He may try out some of his ideas and programs on them, but it appears that this kind of consultation will be minimal.

Instead, Reagan will likely do a lot of coordinating and sounding out of ideas with three old friends on Capitol hill: Howard Baker, Paul Laxalt, and Jack Kemp.

So Reagan's power structure comprises his "big twelve" within the administration and his "big three" in Congress.

Who will be first among equals? Who will rise to the top and become the President's closest advisers? Who will wield the most clout? Time alone will tell.

When Nixon moved into the White House, it appeared that he would rely most on his old friend, William Rogers, at State and another old friend, Robert Finch, at HEW. Rogers soon lost out to Henry Kissinger, and Finch very early dropped out of the Nixon inner circle.

No one has to be told the names of Nixon's clout-wielders, those who quickly gained the most access to him: Haldeman, who guarded the door; Ehrlichman, who headed the Domestic Council; and Attorney General Mitchell.

In President Ford's White House his longtime cohort and adviser, Robert Hartmann, together with Vice-President Rockefeller, never quite had the influence predicted for them. Instead, Kissinger, Donald Rumsfeld, and Richard Cheney got more access and thereby gained more influence.

Observers expected Jody Powell and Hamilton Jordan to be influential, but no one forecast that these young men would soon hold the top power positions under President Carter.

Some observers now say that Reagan's old buddies from Sacramento days — Meese, Smith, and Weinberger — will become the cream of the cream. Others believe the five-member supercabinet will soon possess the most clout. And still others contend that Meese, Bush, and Baker will in the end become the most influential assistants.

All that is certain is that the people the President likes to work with best and whose judgment he respects the most will win out. They, more than any others, will have Reagan's ear — and the power that goes to those who are so positioned.

Godfrey Sperling Jr. is chief of the Monitor's Washington bureau.

PACIFIC REPORT
ON PAGE C-1Approved For Release 2005/12/14 : CIA-RDP91-00901R000400200008-7
NEW YORK DAILY NEWS
2 February 1981**Honor CIA's Casey at dinner here**

Over 120 VIPs in New York's banking, industrial, legal and media worlds turned out to salute William Casey, the new head of the CIA, at a very closed reception and dinner at the Harvard Club. Democrat Jerry Finkelstein, who dominates the New York Law Journal and the National Law Journal, picked up the tab because Casey is an old pal and a member of the editorial board of the publications.

In attendance: Gov. Carey, William Rogers, John Martin, Tom Bolan, Robert Abrams, Ned Regan, Herman Badillo, Lawrence Cooke, Sol Wachtler, Lawrence Tisch, etc. Carey lauded his fellow St. John's alum, but it was a letter from Stanley Sporkin, of the Securities and Exchange Commission, that was most ebullient in praise. Sporkin said it's rare that a man as qualified as Casey gets the job. He said Casey's task at the CIA will be equal in importance to "breaking the German code in the Second World War." Which is exactly what Casey did.

Nominee for Deputy Director of C.I.A. An Electronic-Age Intelligence Expert

By PHILIP TAUBMAN

Special to The New York Times

WASHINGTON, Feb. 1 — For a man considered by many to be America's master spy, Bobby Ray Inman is something of an anomaly. He has never taken part in a covert operation or spent much time collecting intelligence data in the field. His name evokes the spirit of a country music ballad more than an espionage thriller.

But Vice Admiral Inman, picked by President Reagan to be Deputy Director of Central Intelligence, the nation's second-highest intelligence organization, is the prototype of an electronic-age spy.

His tools are satellites, microwave stations and computers. As director of the National Security Agency since 1977, Admiral Inman has overseen the nation's largest and most expensive intelligence organization. Its mission includes cracking enemy codes, developing unbreakable ciphers for the United States and, most importantly, monitoring, translating and analyzing worldwide communications among nations, selected foreign citizens and some corporations.

The security agency is part of the Defense Department and independent of the Central Intelligence Agency, which uses information collected by the security agency in preparing intelligence reports for the President. The lines of authority are blurred, however, because the C.I.A. director has the additional responsibility of coordinating the Government's various intelligence-gathering operations, including those of the National Security Agency.

Earns Praise From Many

Admiral Inman's performance has drawn praise from several quarters. Harold Brown, who supervised the security agency as Secretary of Defense in the Carter Administration, called Admiral Inman "one of the brightest military people I have ever known."

Former Vice President Walter F. Mondale said that Admiral Inman was "brilliant in every respect." Senator Barry Goldwater, Republican of Arizona, chairman of the Senate Select Committee on Intelligence, recommended Admiral Inman for the No. 2 spot at the intelligence agency to William J. Casey, the director.

The Intelligence Committee has scheduled confirmation hearings Tuesday for Admiral Inman. Swift and unanimous approval of his nomination by the committee and the Senate seems assured. The White House has also recommended that Mr. Inman be promoted to full admiral. If the Senate concurs, as expected, Mr. Inman, who is 49 years old, would be one of the youngest four-star admirals in Navy history.

Information available on Admiral Inman's rise shows a career military man willing to break the cautious conventions of his trade.

Last year, for instance, he permitted a

security agency analyst who was found to be a homosexual to keep his job and security clearances, according to intelligence sources. Intelligence organizations usually dismiss homosexuals or deprive them of their security clearances because they are considered vulnerable to blackmail.

Senators who deal frequently with Admiral Inman said that his briefings differed from those given by most other officials. "Most intelligence officials hedge their comments," said Senator Joseph R. Biden, Democrat of Delaware. "Inman is a straight talker. I've watched him blow away other officials and their comments by providing simple, non-opinionated data. He deals in facts."

Admiral Inman's colleagues said that he occasionally slipped out of Washington and traveled tourist class on commercial airlines to address small groups of professors and students at Harvard, the Massachusetts Institute of Technology, Stanford and other schools in an effort to build bridges between the intelligence-gathering and academic worlds. His friends said that Admiral Inman, dressed in a business suit and driving a rented car unaccompanied by aides, looked like a traveling salesman.

Information Begets Power

The modest demeanor belies the importance of Admiral Inman's position. In a city where information is often said to be power, Admiral Inman, as the security agency's director, has access to more raw intelligence information than anyone in Washington.

The security agency's operations are conducted in strict secrecy. Its headquarters is a large office building on the grounds of Fort Meade, in the Maryland countryside near Washington. Intelligence officials estimated the agency's budget to be more than \$2 billion a year, larger than that of the Central Intelligence Agency.

The security agency's headquarters is the nerve center for a network of facilities and employees around the world, as well as numerous satellites that monitor communications. Aided by computers, the staff sifts through cable traffic, telephone calls and coded messages looking for anything considered significant on subjects ranging from Soviet military activity to world oil trade, according to intelligence officials.

In the 1960's and early 1970's, the security agency's eavesdropping capabilities were used domestically as part of the Government's effort to gather data on antiwar groups. Such practices were stopped by the Ford Administration and are now prohibited by Justice Department guidelines.

There are occasions, however, when information collected by the security agency involving Americans is turned over to the Justice Department. Billy Carter's dealings with Libya were an example, according to Justice Department officials.

In April, when the department's investigation into Billy Carter's ties with Libya was dormant, Admiral Inman received a report indicating that the Libyan Government was planning to pay President Carter's brother \$200,000.

Since the possibility of a violation of American law existed, and because Billy Carter appeared to be the target of a Libyan plan to gain influence in the United States, Admiral Inman informed Attorney General Benjamin R. Civiletti, Justice Department sources said.

Born in Texas

Admiral Inman was born April 4, 1931, in Rhonesboro, Tex. He entered the Navy after graduation from the University of Texas in 1950, becoming an ensign in 1952. He is married and is the father of two boys.

He rose through the ranks rapidly and began specializing in intelligence work in 1961, serving as chief intelligence officer for the 7th Fleet; naval attaché in Sweden, and Director of Naval Intelligence from 1974 to 1976. From 1976 to 1977, he served as vice director of the Defense Intelligence Agency. In July 1977 he was named director of the National Security Agency.

Admiral Inman's first name, Bobby, rather than Robert, was proposed by his grandfather, friends said.

LONDON DAILY TELEGRAPH
2 February 1981

THE INTELLIGENCE WAR CUBA'S HAND IN DRUG TRAFFIC

By ROBERT MOSS

FOR many years, the favourite method of Cuba's secret service, the DGI, for arranging operational funds for its agents in the United States and Latin America has been via the drug traffic.

In the early 1960s an alternative and imaginative method of raising cash for intelligence agents was through bolitas or lotteries, organised within the Cuban community in South Florida.

FBI investigators discovered that DGI collaborators would rig the results of lotteries in order to make payments to Castro agents. However, the turnover of the drug trade is vastly greater.

The main pipeline is from Colombia, via Cuba and Panama, to the United States. Sources in the Drug Enforcement Administration (DEA) say that the Cuban DGI has helped to supervise a lucrative barter of arms for drugs with the Castro-supported Colombian guerrilla movements.

Panama plays a vital role as a middleman in smuggling operations and in the laundering of money; the family of the Panamanian strongman Gen. Omar Torrijos, and the country's military intelligence chief, Col. Noriega, have been accused in American Congressional hearings of being directly involved in the traffic.

Now, however, a major FBI investigation is under way into the possible laundering of drug money by a number of Miami banks whose directors are believed to have close connections with Havana.

The latest development was the indictment by a Federal Grand Jury last week of Sr Guillermo Hernandez Cartaya, a Cuban emigre banker whose financial interests extended from Panama to the Persian Gulf, and seven other former officers of his WFC Corporation, based in Coral Gables, Miami, on charges of conspiracy and tax evasion.

Sr Hernandez and his employees are charged with failing to report more than \$1 million (£410,000) in cash bonuses that they paid themselves over a four-year period.

The money was allegedly laundered through a Panamanian bank controlled by Sr Hernandez.

His activities first attracted the attention of Justice Department officials when it was noted that large sums of money were regularly being transferred in and out of his banks without explanation. The then chairman of a Congressional sub-committee that investigated Cuba's role in the drug trade, Congressman Lester Wolf of New York, publicly accused Sr Hernandez of conspiring with the Castro regime to smuggle cocaine into the United States.

Sr Hernandez denied the charge, and no evidence was produced at the time to justify a criminal prosecution. However, in 1978 Sr Hernandez and one of his senior aides, Salvador Aldereguia Ors, were acquitted of the charge of conspiring to use a false passport.

According to intelligence sources in Washington, Sr Aldereguia has maintained close contact with Cuban officials in Panama and the United States and was involved in the secret diplomacy between the Castro regime and members of the Carter Administration that was initiated at the end of 1977 by Sr Jose Luis Padron, a senior DGI officer who now holds the cover job of Minister of Tourism in Havana.

Sr Hernandez is an intriguing figure: a Bay of Pigs veteran who started a modest financial operation in Tallahassee with a few hundred dollars, and within a few years owned banks and corporations in Miami, Grand Cayman, San Antonio, Panama and Ecuador.

Former CIA officials recall Sr Hernandez' time in a training camp in Guatemala prior to the disastrous landing at the Bay of Pigs in 1961. They say that one of his close friends at the time attracted suspicion that he was a Castro agent because he would regularly disobey orders and slip away into town.

Further charges against Sr Hernandez may be pending, but many other bankers in South Florida are now also subject to scrutiny because of their possible links with the Castro regime and the drug peddlers.

The investigation is expected to take two years, using the full resources of the FBI, the DEA, and the Internal Revenue Service. One official involved comments sceptically, however, "I predict it will go nowhere since so many of the big banks are involved."

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CIA man's covert

action manual

MR THEODORE Shackley, a former senior CIA officer who once played a key role in running the secret war in Laos and operations against the Castro regime in Cuba has written a book, to be published by McGraw-Hill later this year that may be adopted as a manual for paramilitary covert action under the Reagan administration.

Mr Shackley resigned from the CIA after clashes with Adm Stansfield Turner, and has been regarded as a leading contender for a key post in the agency's Directorate of Operations under its new director Mr William Casey.

The title of his book, "The Third Option," is founded on his belief that covert action is the legitimate middle way between full-scale military confrontation and inertia in defending Western interests where they are threatened by aggression from the Soviet Union or its surrogates.

"In the 1980s," he contends, "We will see paramilitary operations become once again an integral part of America's defence arsenal."

At a moment when the new Secretary of State, Gen Alexander Haig, has publicly talked of the need to deal with Soviet-backed international terrorism and the new administration is ignoring or suppressing under President Carter — of Cuban

involvement in the revolutionary violence in El Salvador, Mr Shackley's proposed guidelines for an American response are especially timely.

In a case like El Salvador, he contends, if it is determined that it is in the best interests of the United States "to prevent the beleaguered nation's collapse," the following steps should be taken:

1. Washington and the Government under attack should agree on force levels that will be supported and re-equipped by the United States.

2. The United States should provide an airlift capability, often under commercial cover, to move urgently-needed military supplies and medical services directly to the combat zones.

3. The Americans should provide military instructors; some of them professionals recruited from third countries. (There is a small Defence Department team in El Salvador now).

4. The CIA should arrange for the selective employment of "volunteers" as combat troops and advisers. They may be professional soldiers hired on a mercenary basis from neighbouring countries.

5. The CIA should take charge of co-ordinating a sophisticated intelligence-gathering and psychological warfare programme.

Emigrés criticise

Radio Liberty

THE Reagan Administration is expected to support an expanded programme of radio broadcasts to countries under Marxist control, including Cuba, Angola and Afghanistan.

At the same time, the editorial content of broadcasts transmitted to the Soviet Union by the Munich-based Radio Liberty (now said to be financed by the American Congress), is likely to be subjected to close scrutiny.

Leading Russian dissident intellectuals now living in the West — notably Mr Vladimir Bukovsky and Mr Lev Navrosov — criticise the pro-



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STANDING
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INTELLIGENCE REPORT

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Morris I. Leibman, Chairman

February 1981

Congressional Actions Affecting Intelligence

Congress spent most of the month of January involved in administrative procedures, including confirmation hearings and reorganization of committees. Vice Admiral Bobby Ray Inman, formerly NSA Director, was confirmed by the Senate Intelligence Committee on February 3 as CIA Deputy Director. The Senate Intelligence Committee membership was reported in the January newsletter; however, to date, the House Intelligence Committee has not announced its new members.

On January 5, Edward P. Boland (D-Mass.), Chairman of House Intelligence Committee, addressed the "Intelligence Priorities for the 97th Congress" in the House of Representatives. He reintroduced the intelligence identities' protection bill, H.R. 5615, in the form in which it was reported out by both the Intelligence and Judiciary Committees. He also announced his intentions to focus on amending the Freedom of Information Act, plugging leaks, reviewing charter legislation, and "legitimizing the intelligence process." Other bills introduced include: H.R. 4 (Boland, Mazzoli, and Robinson), H.R. 133 (Bennett), H.R. 387 (Neal) and H.R. 1659 (Rudd), all to prohibit the unauthorized disclosure of information identifying certain U.S. intelligence officers, agents, informants, and sources. On January 22, H.R. 1218 (Wilson) was introduced to protect the confidentiality of the identities of certain employees of the CIA and was referred to the Intelligence Committee. S. 391, the Intelligence Identities Protection Act of 1981, was reintroduced by Senator Chafee on February 3.

The Senate recessed from February 9 to February 13 and the House from February 12 to February 16.

Standing Committee News

John O. Marsh, Jr., Standing Committee member, was appointed by President Reagan and confirmed by the Senate as Secretary of the Army. He was sworn in at a formal ceremony at the Pentagon on February 9.

The meeting of the Standing Committee, planned for January 30-February 1 in Florida, had to be cancelled due to a slight setback in Morris Leibman's recuperation. Mr. Leibman was rehospitalized for two weeks, but again

seems to be making a remarkable recovery. He will remain in Florida for the winter months.

The proceedings of the Conference on Intelligence Legislation sponsored by the University of Chicago and the Standing Committee have been published and copies are available at the ABA Headquarters in Chicago. The Director of Radio Programs at the University of Chicago has released edited tapes of the Conference to 70 radio stations throughout the country for broadcast during February. The University can provide additional information to anyone interested in the specific date of a local broadcast.

Max M. Kampelman, Standing Committee member, continues to Co-Chair the U.S. Delegation to the Madrid meetings on the Helsinki Accords. His remarks to the Plenary Session on January 27 are excerpted in this newsletter.

Opening Statement of William J. Casey Before the Senate Select Committee on Intelligence, January 13, 1981

Mr. Chairman, I am William J. Casey. I have been nominated by the President-elect to serve as Director of Central Intelligence. It is an honor for me to be here today to meet with you and the other members of the Committee for the purpose of discussing my qualifications for this post. I believe it to be vital that this nation have a strong and effective intelligence organization with a wide range of capabilities and the flexibility to adapt and focus them on whatever exterior threats or problems confront the President, the National Security Council, the Congress, and the Executive Branch. It may be helpful to outline the experiences which have formed my views on intelligence.

In World War II, as a naval officer, I had intelligence assignments first in Washington as an aide to William J.

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NEW YORK TIMES MAGAZINE
1 FEBRUARY 1981

THE RUSSIA REAG

By Harrison E. Salisbury

As Ronald Reagan and his advisers sit down in the Oval Office to map American strategy for the 1980's, the Russian actuality that confronts them may be less formidable than what some of them may have perceived. But this is not necessarily a cause for rejoicing. Greater dangers may arise from debilitating Soviet weaknesses than from supposed Soviet military might.

Probably not since World War II, when the Soviet Union struggled to evict its German invaders, has the long view from the Kremlin windows been so bleak. The solutions to crushing problems at home and abroad seem beyond the grasp of Soviet planners.

The real world that Leonid I. Brezhnev and his elderly Politburo comrades acknowledge in the privacy of their meeting rooms contains few of the superlatives that dominate Pravda's political verbiage.

It is, in fact, becoming increasingly evident that the principal danger to world peace is not posed by the nefarious schemes of Communist plotters set on fomenting revolutions and overwhelming the West with military might, but by the Soviet Union's reaction to failures and frustrations that stem from incurable flaws within its own creaky system.

This assessment is, obviously, hypothesis. No one, perhaps not even any of the solemn old men who sit around the long table in the Kremlin palace, has all the facts. And certainly not this writer. But it is not difficult to reconstruct a semblance of the *tour d'horizon* on which Mr. Brezhnev must be basing his calculations. The closer President Reagan and his advisers can replicate the view from the Kremlin windows, the more effectively will the new administration be able to construct an American policy to deal with any Soviet threat.

There can be no question that the reports Mr. Brezhnev's aides depict an international landscape replete with hostile, intractable and dangerous elements. There is, of

portantly, a profound crisis in the chronically unsettled Soviet barrier zone — this time in Poland, an area that poses unusual historic hazards for Russia. And there is the 4,600-mile frontier with China, guarded by one million Soviet troops, about one quarter of the Red Army, and backed by countless nuclear weapons targeted against China's principal cities. For 10 years, this enormous Soviet force has been positioned against a perceived threat of war with China. There is nothing at present to suggest that this apprehension of impending danger will disappear in the next decade.

The view westward is no more reassuring. Now that détente has gone down the drain, the United States and its European allies (plus Japan) loom threateningly on the Soviet horizon as an entity more suspicious of Moscow today than at any time since the height of the cold war. In Soviet eyes, the United States and its allies are perceived as a capitalist monolith of rampant military and economic strength, a colossus that grows more and more formidable in violation of every precept of Marx and Lenin.

When Mr. Brezhnev casts his attention inward, on his own country, he confronts evidence even more disturbing. Until 10 years ago, the Soviet gross national product rose at a buoyant rate of 8 percent to 10 percent annually. Since 1970, the rate of growth has dwindled. The G.N.P. for 1980, United States experts estimate, increased by barely 1 percent. Not since Stalin launched his first five-year plan more than 50 years ago has so sluggish a peacetime growth been recorded. Soviet agriculture, in particular, is a catastrophe: Annual shortfalls of millions of tons of grain have, time and again, put the Soviet Union in the humiliating position of being dependent on hostile powers, including the United States, for help in feeding its 260 million citizens.

The history of recent years, a history of decelerating Soviet production relative to American growth, contains no evidence that Moscow can quickly reverse its economic stagnation. The latest C.I.A. statistics indicate that the United States, despite its own economic woes, now outproduces the sclerotic Soviet Union by 40 percent. Put another way, the United States is now capable, some experts contend, of spending \$10 for every \$6 allotted by Moscow in the accelerating arms race without grip-

ment of Soviet military capability, concluded that the Soviet Union was engaging in a massive arms buildup — although many Western analysts now believe this was never actually achieved. Earlier, an in-house team concluded that the C.I.A. had been underestimating what the Soviet Union was spending on defense. Its calculations indicated that the Soviet Union's defense spending was actually in a range of 11 percent to 13 percent of its G.N.P., not the 6 percent to 8 percent previously estimated. The 1976 C.I.A. figures, which Team B used in reaching its conclusion about the Soviet defense buildup, were based on a reassessment of the ruble's real purchasing power in the Soviet Union. These currency adjustments, however, do not affect the amount of military hardware produced by the Soviet Union.

That same year, other military experts estimated that by 1980 the Soviet Union's defense spending would rise to an annual rate of 18 percent of its G.N.P. By way of contrast, the United States has recently been spending about 6 percent of its G.N.P. on defense. President Carter's 1982 budget projected a defense increase of 5.3 percent (about 5.6 percent of the nation's G.N.P.) for the next fiscal year.

Current C.I.A. estimates of Soviet defense spending calculate the increase annually during the late 1960's and 70's at about 3 percent to 4 percent, roughly equal to the growth of the Soviet G.N.P. in recent years. What now interests Western defense experts is the future relationship between Moscow's arms spending and its sluggish G.N.P.

□

Is the bad news for Leonid Brezhnev good news for the new President of United States? It sounds like good news. It sounds very optimistic. But there is a paradox here. Weakness, particularly internal weakness, in a nation is sometimes more dangerous than strength. A secure nation negotiates with confidence. A na-

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NEW YORK TIMES
1 FEBRUARY 1981

President's Men Jockey For Access to Oval Office

By STEVEN R. WEISMAN

WASHINGTON — After less than two weeks of existence, Ronald Reagan's Administration is still in flux, not unlike the universe just after the Big Bang, with power centers and fields of force slowly beginning to condense and coalesce into stars.

At the center, of course, is Mr. Reagan himself, the genial upholder of campaign themes about the dangers of Soviet encroachment and Federal bureaucracy. But who will bureaucrats, politicians and foreign emissaries strive to see if they can't get to him? Even in this early stage, certain clusters of Administration officials, have emerged as forces to be reckoned with. So far there are really four galaxies.

The Triumvirate. At 7:30 A.M. every morning, Edwin Meese 3d, Michael K. Deaver and James A. Baker 3d have breakfast together in the West Wing office that used to belong to Hamilton Jordan, President Carter's top aide. At the end of each day, they confer again, in the same spacious room.

As chief of staff, Mr. Baker is nominally in charge of the press office and the Congressional lobbying effort; as counselor with Cabinet rank, Mr. Meese is in charge of policy formulation, and as assistant to the President, Mr. Deaver is in charge of Mr. Reagan's travel and appointments. Many expect Mr. Meese to emerge as a first among equals, although Mr. Baker is by no means going to shrink into the background. The reliance on his organizational abilities was clear last week when he, not Mr. Meese, was given charge of the national welcome home to the 52 hostages.

So far, each of the assistants has striven for collegiality, sometimes taking such pains to include at least one of the others that things have tended to move a little slowly. Mr. Reagan's advisers also say he has sought balance in permitting staff access. But only Mr. Meese, Mr. Baker and Mr. Deaver are allowed to walk into the Oval Office any time they want; anyone else who wants to see the President must go through one of them to get permission.

The Bush Connection. On Inauguration Day, no one in Mr. Reagan's entourage seemed happier to be there than Vice President Bush. He has moved swiftly to assemble a staff that has already won respect at the White House. And Mr. Bush himself has begun to play a role designed to equal, if not exceed, former Vice President Mondale's. Nevertheless, aides to Mr. Bush confess they are stepping gingerly these days, concerned lest some of those loyal to the President rein in the Vice President.

"George starts off with an advantage, because he inherits the territory Mondale had. He has the position to be given more," said one White House official. So far, Mr. Bush has two tasks that even Mr.

Mondale did not: He is in charge of a task force aimed at easing Government regulations, and he attends each morning the National Security briefing conducted for Mr. Reagan by the national security adviser, Richard V. Allen.

Mr. Bush has also kept the practice Mr. Mondale had of having lunch alone each week with the President. But Mr. Mondale's political strength derived from his identity with the liberal political constituency never reluctant to press its aims. Whether Mr. Bush, who is considered less conservative than Mr. Reagan on some issues, will also push remains to be seen, as does whether Mr. Reagan would be as accommodating as was Mr. Carter.

The Economic Team. The day President Carter's budget was made public a couple of weeks ago, David A. Stockman and Donald T. Regan, incoming director of the Office of Management and Budget and Treasury Secretary respectively, appeared together to discuss economic policy — but it was Mr. Stockman who did the talking.

White House aides agree that the articulate, hard-working young budget director has, at the very least, assumed the role of chief domestic policy spokesman for the Reagan Administration, leaving Martin Anderson — the Stanford University economist who serves as the principal domestic affairs adviser in name — in second place. Mr. Anderson's predecessor, Stuart E. Eizenstat, frequently fought with Mr. Carter's budget director, never ceding an inch of ground willingly. Murray Weidenbaum has only recently come on board as chairman of the Council of Economic Advisers.

Mr. Stockman's early visibility has already insured that "he won't be winning any popularity contests in the Reagan Cabinet," a White House aide said. At the behest of some of his rivals, for example, Mr. Stockman's public role was diminished last week: At first, the White House announced he would announce the decision to decontrol oil and gasoline; at the last minute, that function was given to Energy Secretary James Edwards instead.

The Foreign Policy Cluster. White House officials confessed to a mixture of embarrassment and amusement last week when it was disclosed that Secretary of State Alexander M. Haig Jr. had delivered Mr. Reagan on Inauguration Day a memorandum proposing that he agree immediately in writing that Mr. Haig clearly be in charge of developing foreign policy, including international economic matters. "No one ever said Al Haig was going to do anything but charge in and try to take over," a White House official said with a chuckle. "Of course, his proposal was unacceptable. That's why the President didn't sign it, and sent it back to be reworked."

The initial power struggle in foreign policy will be minimal, aides to Mr. Reagan say, in part because the President is preoccupied with the economy. But the early betting on an upcoming rivalry between Mr. Haig and Mr. Allen has given way to wagers that Mr. Haig may step on the toes of fellow Cabinet members, such as Defense Secretary Caspar W. Weinberger, Treasury Secretary Regan and William J. Casey, Director of Central Intelligence.

Mr. Allen, meanwhile, has been eager to keep out of the public eye, and Mr. Haig — mindful of the difficulties of his predecessors with national security advisers in the White House — is keeping up the practice of sending a "night letter" from the Secretary of State to the President every evening, summarizing foreign policy developments. Nevertheless, Mr. Allen is likely to become pivotal, especially if Cabinet policy issues. At that point, Mr. Reagan is likely to rely on Mr. Allen to present the options and have the final say before the decision is made.

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THE WASHINGTON POST MAGAZINE
1 February 1981

RUDY MAXX'S Front Page

REAGAN'S CABINET: IT'S GOT RELIGION

Four years ago much ado was made by the press about the religious makeup of the new Southern Baptist president's cabinet. But this time around scarcely a word has been mentioned, so you might be surprised to learn the Schwenkfelder Church is well represented.

The what?

It's true. The Schwenkfelder Church is a small, German Protestant denomination whose members are mostly from central and southeastern Pennsylvania. Both Health and Human Services head Richard Schweiker and Transportation chief Andrew Lewis are members of the tiny (five congregations, 2,748 members) Schwenkfelder Church.

This is not to say that more populous denominations are not represented. Four Rutgers University political science professors under editor Gerald Pomper combed the backgrounds of Reagan's inner circle for a new book, *The Election of 1980*, and found these religious affiliations:

✓ Roman Catholic Reaganites include Secretary of State Alexander Haig, Treasury Secretary Donald Regan, National Security Council chief Richard Allen, Labor Secretary Ray Donovan and CIA head William Casey.

✓ From the United Methodist Church come Housing and Urban Development head Samuel Pierce, energy chief James B. Edwards and Office of Management and Budget chief David Stockman.

✓ Episcopalians include Vice President George Bush, Defense Secretary Caspar Weinberger and Attorney General William French Smith.

✓ The Reagan cabinet's one Baptist is United Nations Ambassador Jeane Kirkpatrick, who taught at Georgetown University, a Jesuit institution.

✓ Commerce Secretary Malcolm Baldrige is a member of the United Church of Christ.

✓ Agriculture Secretary John Block is a Lutheran.

✓ Interior Secretary James Watt is a member of the Assemblies of God.

✓ And Education Secretary Terrel H. Bell, former commissioner of higher education for Utah, is a Mormon.

DIRECTOR COSTA-GAVRAS PLOTS CHILE-CIA FILM WITH SOME SENATE AID

One of the world's most politically controversial film directors, Constantin Costa-Gavras, is planning a movie about the death of an American in Chile during the reign of Marxist President Salvador Allende.

Based on Thomas Houser's book

The Execution of Charles Horman, Costa-Gavras' movie will suggest Horman was killed by anti-Allende forces possibly aided by undercover CIA agents. If that message is clear, the Russian-Greek director's film may have the public impact that two of his previous movies, "Z" and "State of Siege," did.

Helping Costa-Gavras is the widow of Orlando Letelier, whose husband was killed at the direction of anti-Al-

lende forces when a bomb blew up the car in which he was riding on Massachusetts Avenue. Last month, in preparation for building a set in Hollywood or Mexico, Costa-Gavras had photographs taken of the interiors of Senate offices with the cooperation of both California senators, Alan Cranston and S. I. Hayakawa. Which, as the last presidential election made clear, proves show biz and politics make fine bedfellows.